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Supreme Court, U.S.
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No. _____

IN THE

Supreme Court of the United States

SKIDMORE ENERGY, INC., AND GEOSCIENCE INTERNATIONAL, INC.

Petitioners,

V.

MAGHREB PETROLEUM EXPLORATION, S.A., MEDIHOLDING, S.A., MIDEAST FUND FOR MOROCCO, LTD., SAMAHA TRADING (UK) LTD., ABDULLAH KAMEL, SHEZI NACKVI, MOHAMMED BENSLIMANE, MOULAY ABDELLAH ALAOUI, RICHARD MENKIN, CRAIN, CATON & JAMES, P.C., AND REUVEN M. BISK,

Respondents.

On Petition for a Writ of Certiorari to the
United States Court of Appeals for the Fifth Circuit

PETITION FOR WRIT OF CERTIORARI

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Questions Presented

Question 1. May a client who engaged in no sanctionable conduct whatsoever (Geoscience), and for whom the trial court made no finding of sanctionable conduct, be held liable for sanctions under Rule 11?

Question 2. May a client be held liable for sanctions under Rule 11 in the absence of any evidence or finding that the client knew or should have known that the complaint filed on its behalf was factually or legally baseless?

Question 3. May a Court assess attorneys' fees allegedly incurred in a case as a sanction without ever making a finding that the attorneys' fees were reasonable (no finding that both the hourly rate and the number of hours spent were reasonable)?

Question 4. May a Court assess all attorneys' fees allegedly incurred in a case as a sanction where the trial court did not expressly find such fees to have been caused by the violations of Rule 11, and it was uncontroverted that a significant portion of such fees were neither caused by, nor related to, the violations of Rule 11 found by the Trial Court?

Question 5. May a Court assess all attorneys' fees allegedly incurred in a case as a sanction where the uncontroverted evidence established that a significant portion of such fees were unrelated to the sanctionable conduct found, were unrelated to the representation of any of the Defendants moving for sanctions, or were supported only by redacted fee statements which provided no sufficient documentation to determine whether the alleged fees were reasonably incurred?

Statement Pursuant to Supreme Court Rule 29.6

Petitioners, Skidmore Energy, Inc., and Geoscience International, Inc. are privately owned entities. Each of these entities have no parent corporation and there is no publicly held company that owns 10% or more of either of such entity's stock.

TABLE OF CONTENTS

Questions Presented i

Statement Pursuant to Supreme Court Rule 29.6 ii

Table of Contents iii

Table of Authorities iv

Opinions Below 1

Jurisdiction 1

Statutes/Rules Involved 1

Statement of the Case 2

Reasons for Granting the Petition 5

Summary 24

Conclusion 25

Index to Appendix 26

TABLE OF AUTHORITIES

CASES

Blum v. Stenson, 465 U.S. 886 (1984) 4, 15, 21, 22, 24

Browning Debenture Holders Committee v. DASA Corp., 560 F.2d 1078 (2d Cir.1977) 13

Byrne v. Nezhat, 261 F.3d 1075 (11th Cir. 2001) 4, 7, 8, 24

Calloway v. Marvel Entertainment Group, a Division of Cadence Industries Corp., 854 F.2d 1452 (2nd Cir. 1988) 4, 10, 25

Childs v. State Farm, 29 F.3d 1018 (5th Cir. 1994) 16

Cooter & Gell v. Hartmarx Corp., 496 U.S. 384, 110 S.Ct. 2447, 110 L.Ed.2d 359 (1990) 21, 22

Eastway v. City of New York, 637 F. Supp. 558 (E.D. N.Y. 1986) 11

In re Big Rapids Mall Associates, 98 F.3d 926 (6th Cir. 1996) 4, 9, 25

Independent Fire Ins. Co. v. Lea, 979 F.2d 377 (5th Cir.1992) 14

Louisiana Power & Light Co. v. Kellstrom, 50 F.3d 319 (5th Cir. 1995) 16

Pennsylvania v. Delaware Valley Citizens' Council for Clean Air, 478 U.S. 546 (1986) .. 4, 15, 21, 22, 24

Thomas v. Capital Sec. Services, Inc., 836 F.2d 866 (5th Cir.1988)(en banc) 16

White v. General Motors Corp., Inc., 908 F.2d 675 (10th Cir. 1990) 4, 9, 24

RULES/STATUTES

28 U.S.C. § 1254 1

28 U.S.C. § 1331 2

28 U.S.C. § 1367 2

28 U.S.C. § 2101 1

Fed. R. Civ. P. 11 ..... 1, 2, 4, 5, 7-11, 13-16, 21, 23, 24

Supreme Court Rule 13.1 and 13.3 1

Opinions Below

The ruling of the United States Court of Appeals for the Fifth Circuit, dated July 7, 2006, affirming in all respects the decision of the District Court, is officially reported at 455 F.3d 564, and is reproduced at Appendix p.1. Petitioner's timely Petitions for Rehearing and Rehearing En Banc were denied on August 2, 2006, and is reproduced at Appendix p. 12.

The Rulings on Defendants' Motions for Sanctions by the United States District Court for the Northern District of Texas - Dallas Division, Honorable Jane J. Boyle Presiding, dated March 17, 2005, and May 18, 2005, were unpublished, and are reproduced at Appendix p. 14, and Appendix p. 34, respectively.

Jurisdiction

The Order of the United States Circuit Court of Appeals for the Fifth Circuit sought to be reviewed was entered on July 7, 2006. Petitioners timely filed a Petition for Panel Rehearing and a Petition for En Banc Rehearing on July 20, 2006. The Petitions for Rehearing were denied on August 2, 2006. This Petition is timely under 28 U.S.C. 2101 and Supreme Court Rule 13.1 and 13.3 because it is being filed within 90 days of both the entry of the order sought to be reviewed, and of the denial of the Petitions for Rehearing. This Court has jurisdiction to review the order of the United States Circuit Court of Appeals for the Fifth Circuit pursuant to the jurisdiction conferred by 28 U.S.C. Section 1254.

Statutes/Rules Involved

Fed. R. Civ. P. 11 is reproduced at Appendix p. 50.

Statement of the Case

The jurisdiction of the district court was invoked pursuant to 28 U.S.C. § 1331 (general federal question jurisdiction), and 28 U.S.C. § 1367 (Supplemental jurisdiction). The trial court assessed Rule 11 sanctions of $530,667.32 following the dismissal on the merits of Petitioners' RICO and Sherman Act claims for failure to state a claim, and the dismissal, for want of subject matter jurisdiction, of Petitioners' remaining state law claims.

On April 15, 2005, the Trial Court entered a final judgment incorporating its September 3, 2004, December 3, 2004 and December 28, 2004 Orders of Dismissal, subject to Appellees' Motion for Rule 11 Sanctions then pending before the Trial Court. On March 18, 2005, The Trial Court entered an interlocutory Order Granting Rule 11 Sanctions against Appellants and their former trial counsel, Gary Sullivan, "the amount and apportionment of those fees [to] be determined by separate order". On April 19, 2005, Appellants retained new counsel and filed (1) Plaintiffs' Objections to Defendants' Attorneys' Fees and Expenses Claimed as Sanctions, and (2) Plaintiffs' Response to Defendants' Motion for Rule 11 Sanctions and Motion for Reconsideration of sanctions awarded against Appellants.

On May 18, 2005, the Trial Court entered a final and appealable Order Granting Defendants' Request for Attorneys' Fees and Denying Plaintiffs' Objections and Motion for Reconsideration of the sanctions award. On June 10, 2005, Appellants timely filed their Notice of Appeal of the Trial Court's final and appealable May 18, 2005 Order Granting Sanctions and denying Plaintiffs' Motion to Modify the Trial Court's interlocutory March 18, 2005 Order (collectively, the "Sanctions Orders").

On July 7, 2006, the United States Circuit Court of Appeals for the Fifth Circuit issued its judgment and opinion on appeal, which affirmed the sanctions orders entered by the trial court. Petitioners timely filed a Petition for Panel Rehearing and a Petition for En Banc Rehearing on July 20, 2006. Both Petitions were denied on August 2, 2006.

The sanctions award was affirmed by the 5th Circuit Court of Appeals. The 5th Circuit's opinion affirmed the joint and several award of sanctions against Petitioners, Skidmore Energy, Inc. and Geoscience, Inc. even though the 5th Circuit affirmatively conceded, in its opinion, that there was no evidence in the record of any sanctionable conduct by Geoscience, and the trial court never made any finding of any sanctionable conduct by Geoscience.

The 5th Circuit's opinion also affirmed the award of sanctions of the entirety of legal fees and expenses allegedly incurred by Respondents' counsel, despite the failure of the trial court to make a finding that such fees were "reasonable". The trial court found only the hourly rate to be reasonable, but wholly failed, despite a direct challenge by Plaintiffs, to make a finding that the number of hours allegedly incurred were reasonable. The trial court made a finding only that Defendants had reasonably incurred "a significant number of hours defending the claim". There was never the required affirmative finding that the number of hours spent or the expenses incurred, were reasonable.

Finally, the 5th Circuit's opinion also affirmed the award of sanctions of the entirety of legal fees and expenses allegedly incurred by Respondents' counsel, (a) without ever making a finding that the entirety of all claims asserted by Petitioners in the trial court were frivolous, (b) despite the fact that the trial court addressed only the two federal claims (RICO and Sherman Act), found those to be sanctionable, but dismissed the remainder of the

state law claims solely because the federal court no longer had jurisdiction to hear the non-federal claims, without ever reaching the merits of those claims; and (c) despite the uncontroverted evidence that a significant portion of such fees were unrelated to the sanctionable conduct found, were unrelated to the representation of any of the Defendants moving for sanctions, or were supported only by redacted fee statements which provided no sufficient documentation to determine whether the alleged fees were reasonably incurred.

These holdings would impermissibly convert Rule 11 into a rule of strict and joint and several liability, allow the unrestrained assessment of fees and expenses that are not reasonable, and are unrelated to the sanctionable conduct found.

These holdings are contrary to well settled precedent of this Court, including *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 478 U.S. 546 (1986); and *Blum v. Stenson*, 465 U.S. 886 (1984), on determination of reasonableness of attorneys' fees under *Lodestar*.

These holdings are also directly contrary to holdings of the majority of the courts of appeal upon the issue liability for Rule 11 sanctions, including the 11th Circuit, in *Byrne v. Nezhat*, 261 F.3d 1075 (11th Cir. 2001); the 10th Circuit in *White v. General Motors Corp., Inc.*, 908 F.2d 675 (10th Cir. 1990); the 6th Circuit in *In re Big Rapids Mall Associates*, 98 F.3d 926 (6th Cir. 1996); and the 2nd Circuit in *Calloway v. Marvel Entertainment Group, a Division of Cadence Industries Corp.*, 854 F.2d 1452 (2nd Cir. 1988).

Reasons for Granting the Petition

The 5th Circuit's Opinion Conflict with Decisions of other United States Courts of Appeals

The 5th Circuit in this case held that even though there is no evidence in the record of any sanctionable conduct by Petitioner, Geoscience, and the Court made no findings of any sanctionable conduct by Geoscience, the sanctions order entered by the trial court assessing sanctions jointly and severally against Petitioners Skidmore and Geoscience may nevertheless be affirmed. The 5th Circuit further held that even though the only finding against Petitioner Skidmore was that its representative did not know of the factual basis for several of the claims investigated and pleaded by its attorney, that Skidmore could be sanctioned, in the absence of any evidence or finding that Skidmore knew or even should have known, that the complaint filed on its behalf was factually or legally baseless. These holdings are contrary to virtually unanimous agreement among the federal courts of appeals that Rule 11 does not provide for such a strict liability sanctions award. Appellants' counsel has been unable to find any opinion at any level in any circuit within the entire United States that has ever held that a party who engaged in no sanctionable conduct whatsoever shall be liable for sanctions so long as at least one party arguably engaged in sanctionable conduct, and the innocent parties were represented by the same counsel. The 5th Circuit held, in its opinion, at footnote 12:

> *fn*12. **We acknowledge the argument of Appellants' counsel that only Skidmore's - and not Geoscience's - involvement in sanctionable conduct is reflected in the Record**. We also observe, however, that these two entities were represented by common counsel in the district court, as they are on appeal, and that in all of their

filings no distinction is made between them. We cannot say, particularly in light of the district court's inherently superior vantage point, that the court erred in sanctioning Appellants jointly. 455 F3d. at 568, *fn.*12. (emphasis added).

The 5th Circuit held:

> The district court did not abuse its discretion in awarding sanctions against Appellants. Rule 11 provides for sanctions against "the attorneys, law firms, or parties that have violated [the Rule] or are responsible for the violation. *Id.*, at 567.
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> ***
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> The district court observed the "common thread weaving its way through this case ... is the puzzling lack of legal or factual support articulated for the pleadings," and repeatedly noted "Plaintiffs' failure to articulate any evidentiary support for their claims." The court discussed in detail the testimony of Michael Gustin, Skidmore's owner, who assured th ourt that he had reviewed the pleadings before they were filed. Nevertheless, he was "entirely unable to articulate a factual nexus between any of the Defendants and verifiable money laundering activity," organized crime, terrorism financing, or any of the other "sensational allegations peppered throughout the complaint and RCS." The court found "[t]he bulk of Plaintiff[s'] causes of action ... are without evidentiary support and thus appear to have been 'instigated as a gamble that something might come of it rather than on the basis of the facts at hand.'" The court awarded sanctions because it found "that reasonable factual

> and legal inquiries would have prevented this suit from being filed. *Id.*, at 568.

The 5th Circuit's opinion highlights Petitioners' complaint with respect to the trial court's order and the 5th Circuit's opinion. Both the trial Court and the 5th Circuit relied upon a single finding by the trial court to support joint and several sanctions. A corporate representative of Skidmore testified that he was sure he had reviewed the complaint before it was filed, but he could not articulate a factual basis for several of the legal causes of action investigated and pleaded by the attorney hired by Petitioners to represent them. However, neither the trial court nor the 5th Circuit ever (a) made any connection between these isolated statements of the Skidmore representative and the sanctions assessed against the parties, jointly and severally, (b) made any finding, or found any evidence in the record, to support a sanction against Geoscience, and (c) made any finding, or found any evidence in the record, that Skidmore knew or even should have known, that the complaint filed on its behalf was factually or legally baseless.

The 5th Circuit's opinion is directly contrary to the 11th Circuit's holding in *Byrne v. Nezhat*, 261 F.3d 1075 (11th Cir. 2001). *Byrne* held that in order for a party to be sanctioned under Rule 11, the party must have been responsible for the sanctionable conduct:

> The defendants contend that Manov's deposition testimony contradicted the allegations in the complaint, that her amendments to her deposition demonstrated that she was trying to change her testimony, and that she continued to rely on Neal after she learned of his disqualification in Mullen's state court case. **Even if these allegations and other like-styled arguments set**

> **forth by the defendants are true, they do not indicate that Manov knew the complaint filed on her behalf was factually or legally baseless. Further, there is no evidence in the record indicating that Manov provided false information to her attorneys, thereby facilitating a factually groundless complaint.** ... There is no indication that Manov was anything but truthful in relaying to counsel facts about her surgeries and post-operative complications. The inadequacies in the RICO and other counts in the amended complaint stemmed directly from her attorneys. ... Implicit in the district court's reasoning is the understanding that Manov's attorneys, not Manov, were responsible for the frivolous claims and pleadings. Accordingly, insofar as the monetary sanctions levied against Manov were based on the court's authority under Rule 11, they cannot be upheld. *Id.*, at 1118-19.

Other than a single statement by Skidmore's corporate representative that he was sure he read the Complaint before it was filed, there is no evidence and no findings of the types of conduct found by other circuits to warrant Rule 11 sanctions. There was no evidence and no finding by the trial court that Skidmore or Geoscience (or any of their representatives) knew the complaint filed on their behalf was factually or legally baseless. There was no evidence and no finding by the trial court that Skidmore or Geoscience (or any of their representatives) provided false information to their attorneys, thereby facilitating a factually groundless complaint. There is nothing to indicate that Skidmore and Geoscience were anything but truthful in relaying to counsel facts about the transactions giving rise top their claims. As in *Byrne*, the inadequacies in the RICO and Sherman Act counts in the pleadings and in the RICO Case Statement stemmed directly

from their attorney, Gary Sullivan, and yet, each of the clients, as represented parties, were sanctioned jointly and severally.

The 5th Circuits opinion is also directly contrary to the 10th Circuit's holding in *White v. General Motors Corp., Inc.*, 908 F.2d 675 (10th Cir. 1990). White also held that in order for a party to be sanctioned under Rule 11, the party must have been responsible for the sanctionable conduct:

> Sanctions must be appropriate in amount and levied upon the person responsible for the violation. **We agree with those circuits that have expressed the view that the sanctioning of a party requires specific findings that the party was aware of the wrongdoing. In the instant case, the trial court appears to have assessed joint and several liability without considering relative fault. This concerns us particularly because this case is one in which at least a colorable ADEA argument could have been made to advance White and Staponski's position**... *Id.*, at 685-6. (emphasis added).

Again, the trial court in this case made no findings that either Skidmore or Geoscience was aware of the frivolousness of the federal claims asserted by their attorney, or of any of the factual matters pleaded by their attorney, Gary Sullivan. There was no discussion or weighing, by either the trial court, or by the 5th Circuit, of relative fault or responsibility of either of the represented parties.

For the same reasons, the 5th Circuits opinion is also directly contrary to the 6th Circuit's holding in *In re Big Rapids Mall Associates*, 98 F.3d 926 (6th Cir. 1996). *Big Rapids* also held that in order ~~for a party to~~ be sanctioned under Rule 11, the

party must have been responsible for the sanctionable conduct:

> In the instant case, the bankruptcy court concluded that "the attorneys and clients shared responsibility for the litigation strategy," Memorandum Opinion, Feb. 15, 1994, p. 14 (App. p. 29), and it imposed sanctions on not only the Debtor, but also on both of its principals and both of the appellants, jointly and severally. **The court made no finding that appellants knew or should have known before filing the bankruptcy petition that their clients would lack credibility in court. Likewise, there are no facts to support a conclusion of "shared responsibility." "The sanctioning of a party requires specific findings that the party being sanctioned was aware of the wrongdoing. ... In the instant case, the trial court appears to have assessed joint and several liability without considering relative fault**." Without any findings to support the imposition of sanctions on appellants, the bankruptcy ruling amounts to vicarious liability on the part of appellants for the perceived unreliability of their clients' testimony. *Id.*, at 932. (emphasis added) (internal citations omitted).

For the same reasons, the 5th Circuits opinion is also directly contrary to the 2nd Circuit's holding in *Calloway v. Marvel Entertainment Group, a Division of Cadence Industries Corp.*, 854 F.2d 1452 (2nd Cir. 1988). *Calloway* also held that in order for a party to be sanctioned under Rule 11, the party must have been responsible for the sanctionable conduct:

> Calloway appeared pro se on his appeal. He asked that we appoint counsel to represent him but failed

to file an affidavit of indigency as requested. Because he thereafter filed no papers, his appeal was automatically dismissed by the clerk for failure to prosecute under our Civil Appeals Management Plan. For reasons stated immediately infra, we are sua sponte recalling the mandate and reinstating Calloway's appeal in order to remand for a determination of the relative responsibility of Calloway and his attorneys for the conduct violating Rule 11 and the allocation of sanctions between them.

The entire Rule 11 proceeding against Calloway was thoroughly tainted by Pavelic & LeFlore's representation of him notwithstanding a self-evident conflict of interest. The motions for sanctions explicitly relied, inter alia, upon the facsimile claim. With regard to that claim, Calloway had agreed at trial that he had no "real evidence" other than what LeFlore had told him, namely that a handwriting expert had supported the claim that facsimile signatures were improperly affixed to the contracts. This testimony alone clearly raised an issue as to whether Calloway or LeFlore, or both, were responsible for the conduct Judge Sweet found violative of Rule 11. Unless LeFlore was prepared to inform Judge Sweet that he had in fact put words in Calloway's mouth in preparing the amended complaint, the affidavit opposing the motions for summary judgment and various answers to interrogatories, and that he thereafter misrepresented to Calloway Tytell's opinion on the matter, he should have ceased to represent Calloway in the Rule 11 proceedings. *See,*

Eastway v. City of New York, 637 F. Supp. 558, 570 (E.D. N.Y. 1986) (when there is question as to whether client or attorney is at fault, interests of two become adverse and client will need new counsel to represent him). Instead, his firm, from which the defendants were also seeking sanctions, continued to represent Calloway, submitting a brief (signed by LeFlore) devoted almost exclusively to issues that had been submitted to the jury, making only a single, oblique reference to the facsimile claim in a footnote. Of course, no argument was made to the court that LeFlore and the firm bore full responsibility for the facsimile claim. In particular, the extent to which LeFlore pressed the facsimile argument upon Calloway, including a misrepresentation as to an expert's opinion, was not explored. Nor was it argued that, even if Calloway bore some responsibility for the claim, LeFlore and the firm should be jointly and severally liable for sanctions imposed on Calloway.

The district court imposed $100,000, fifty percent of the total sanctions, upon Calloway, an amount for which the attorneys are not jointly and severally liable. In imposing sanctions, however, Judge Sweet stated that Calloway may not have been aware of the consequences of his statements and was prone to substitute his attorney's theories for the facts. He thus stated that Calloway did not knowingly lie in the affidavit that was written by LeFlore and that Calloway had not acted in bad faith. 111 F.R.D. 649-50. Moreover, the position taken by LeFlore at oral argument in this court is that LeFlore unaccountably misinterpreted what

Calloway told him regarding Calloway's signing only in his capacity as a corporate officer.

In imposing sanctions, Judge Sweet appears to have applied an "objectively reasonable" test to Calloway's conduct. That test, however, is appropriate only in evaluating the conduct of attorneys under Rule 11, not the conduct of parties represented by attorneys. As licensed professionals and officers of the court, attorneys are expected to measure up to minimal standards of professional competence under the Rule and thus may not excuse their conduct on the ground that they were acting in good faith.

We believe that a party represented by an attorney should not be sanctioned for papers signed by the attorney unless the party had actual knowledge that filing the paper constituted wrongful conduct, e.g., the paper made false statements or was filed for an improper purpose. The Advisory Committee stated that allocation of sanctions among attorneys and their clients was a matter of judicial "discretion" and that sanctions should be imposed on a party where appropriate under the circumstances. Fed.R.Civ.P. 11 advisory committee's note to 1983 amendment. As guidance, the Committee cited *Browning Debenture Holders Committee v. DASA Corp.*, 560 F.2d 1078 (2d Cir.1977), a case holding that a represented party should not be held liable for wrongful conduct by attorneys unless the party was personally aware of or responsible for the conduct. *Id.*, at 1473-5. (emphasis added).

The 5th Circuit's newly announced basis for sanctions is even directly contrary to one of its own prior decisions, *Independent Fire Ins. Co. v. Lea*, 979 F.2d 377 (5th Cir.1992):

> While the Trial Judge has broad discretion in assessing sanctions under Rule 11, we conclude that he abused such discretion in applying sanctions to Randall Lea and Elizabeth Lemoine Lea. ... In its lengthy opinion, the Trial Court clearly identified the many grounds and circumstances on which it felt that actions taken by Robert W. Lea, Jr. failed to satisfy the requirements of Rule 11; but no where did the Trial Court identify any similar actions as having been taken by either Randall Lea or Elizabeth Lemoine Lea. While Rule 11 of the Federal Rules of Civil Procedure does contemplate that sanctions can be levied against a "represented party", we are constrained to hold under the facts of this case that the "represented party" against which sanctions are levied must be a party who had some direct personal involvement in the management of the litigation and/or the decisions that resulted in the actions which the court finds improper under Rule 11. This test would clearly include Robert W. Lea, Jr. but would also clearly exclude Randall Lea and Elizabeth Lemoine Lea. There is nothing in the express language of Rule 11 that all parties at interest on a particular side of a given law suit shall be subject to sanctions on a pro rata or joint and several liability or in solido basis; and we do not think that the basic policies of "deterrence and education" behind Rule 11 require an interpretation of the Rule which creates such forms of vicarious liability. *Id.*, at 378-9.

An interpretation of Fed. R. Civ. P. 11 allowing the imposition of joint and several sanctions in the absence of any evidence or findings by the trial court that a party knew the complaint filed on its behalf was factually or legally baseless, or that a party provided false information to its attorneys, thereby facilitating a factually groundless complaint, would convert Rule 11 into a rule of strict liability and would make every party to every civil action an indemnitor for the conduct of both their attorneys and of every other commonly aligned party. Rule 11 cannot and should not be so construed. Petitioners request that this Court grant their Petition and construed Rule 11 to require the trial court to make an affirmative finding, with respect to each party, whether such party engaged in sanctionable conduct, and if so, to apportion sanctions among offending parties and/or their counsel to reflect the wrongful conduct of each party.

The 5th Circuit's Opinion Conflicts with Decisions of this Court

The 5th Circuit and the trial court in this case failed to conduct the *Lodestar* analysis required by this Court in *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 478 U.S. 546 (1986); and *Blum v. Stenson*, 465 U.S. 886 (1984). **The trial court found only the hourly rate to be reasonable, but wholly failed, despite a direct challenge by Plaintiffs, to make a finding that the number of hours allegedly incurred were reasonable, instead finding only that Defendants "reasonably expended a significant number of hours working on the case".** There was never any affirmative finding that the number of hours spent or the expenses incurred, were reasonable. The trial court's specific finding was as follows:

> The Court, being intimately familiar with the progression of this litigation, **finds that the Defendants' attorneys have reasonably**

expended a significant number of hours working on this case." (CR 3535, Appendix 2).

Rule 11 permits the district court to order a party who violates Rule 11 to pay his opponent "the reasonable expenses incurred because of the filing of the pleading, motion, or other paper, including a reasonable attorney's fee." Fed. R. Civ. P. 11; *Childs v. State Farm*, 29 F.3d 1018, 1023-4 (5th Cir. 1994); *Thomas v. Capital Sec. Services, Inc.*, 836 F.2d 866, 874 (5th Cir.1988)(en banc). However, in those cases in which such sanctions are imposed, the attorneys' fees and expenses reimbursed must (1) be found to have been **caused by a violation of Rule 11**, and (2) **be affirmatively found to be reasonable**. *Childs*, 29 F.3d at 1027; *Thomas*, 836 F.2d at 878-9.

The trial court did not find that the entirety of the Appellants' attorneys' fees were **caused by a violation of Rule 11**, and the trial court did not find that the number of hours sought by Appellants in their motion for sanctions were reasonable. Therefore, the total attorneys' fee under Lodestar were not, and could not have been, **affirmatively found to be reasonable**. The 5th Circuit affirmed the sanction, resting its opinion on the following statements:

> Determinations of hours and rates [for calculating reasonable litigation expenses and attorneys' fees] are questions of fact. ... Accordingly, we review the district court's determination of reasonable hours and reasonable rates for clear error. *Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 324 (5th Cir. 1995).
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>
> The court conducted the lodestar analysis by multiplying the reasonable number of hours expended in defending the suit by the reasonable

> hourly rates for the participating lawyers. As the hourly rates submitted by the defense were not disputed, the sole factor for the court's determination was the reasonable number of hours expended. Relying on defense counsel's documentation, which "clearly indicate[d] the nature and type of work performed or [sic] and detail[ed] how the hours were spent on particular aspects of the case," the court concluded that the number of hours claimed by the defense was reasonable. Among the court's considerations were the complexity of the litigation, the number of individual and mostly foreign defendants, and the "vast array of claims asserted." Given the district court's "intimate[] involve[ment] with the case, the litigants, and the attorneys," as well as its thorough discussion in its Order granting the sanctions, its factual determination of the reasonable number of hours expended was not clearly erroneous.
>
> Appellants complain, vaguely and conclusionally, that a "significant portion" of the defense costs awarded were unrelated to the sanctionable conduct or were incurred in representing defendants other than the 11 that moved for sanctions. Beyond these bare assertions, however, Appellants failed adequately to brief the issue or to call our attention to anything in the record that might support this contention. *Id.*, at 566-7.

The 5th Circuit stated that the complaints regarding the reasonableness of attorneys' fees and expenses awarded were "vague and conclusional". One could not have made such a

statement if one had reviewed the voluminous and detailed billing excerpts contained in the voluminous pages of detailed billing statements and excerpts specifically cited to in Appellants' Brief, and attached in Appellants' Appendix. The 5th Circuit never addressed the voluminous record relating to the unreasonableness of the hours or the undisputed fact that a significant amount of the Crain, Caton & James fees related to work done for parties they did not represent and who were not movants for sanctions. The Defendants sought, and the Trial Court awarded, at least $297,492.25 in (a) attorneys fees that were unrelated to defense of claims asserted by Plaintiffs against the defendant parties who moved for the sanctions, or (b) were billed for hundreds of unidentified "conferences among lawyers", all set forth in excruciating detail in Appellants Brief in the 5th Circuit, which directed the court of appeals to the following specific complaints and the following specific exhibits from the trial court record:

> a. As shown by the billing entries excerpted from Crain, Caton & James' single fee bill, there are numerous instances of legal fees rendered for party Defendant Saoud, who was not one of Crain, Caton & James' clients in this lawsuit and who is not a movant for sanctions. (Plaintiffs' Objections to Defendants' Application for Attorneys' Fees and Expenses, Exhibit 1 - CR 3197, 3201; Appendix 4 in the court of appeals) (**$26,112.25 *in entries on fee billings were rendered for* Defendant Saoud, who never moved for sanctions**). (reproduced at Appendix p.54).
>
> b. As shown by the billing entries excerpted from Crain, Caton & James' single fee bill, there are numerous instances of legal fees rendered communicating with the attorneys for Defendant Bandar Bin Sultan, who was not one of

Crain, Caton & James' clients in this lawsuit, and which related to the motions to dismiss filed by Bandar Bin Sultan asserting diplomatic immunity, a defense that could never have been used in any of Crain Caton's eleven Defendants' defense; and Bandar Bin Sultan was not a movant for sanctions (Plaintiffs' Objections to Defendants' Application for Attorneys' Fees and Expenses, Exhibit 1 - CR 3197, 3206; Appendix 5 in the court of appeals) (**$27,468.75 in entries on fee billings were rendered for Defendant Bandar Bin Sultan, who never moved for sanctions**). (reproduced at Appendix p.63).

c. As shown by the billing entries excerpted from Crain, Caton & James' single fee bill, there are numerous instances of legal fees rendered for Defendants Saleh Abdellah Kamel and Dallah al Baraka who were not Crain, Caton & James' clients in this lawsuit, and the referenced services clearly were not legal services rendered on behalf of any of the eleven Crain, Caton & James Defendants and who were not movants for sanctions, (Plaintiffs' Objections to Defendants' Application for Attorneys' Fees and Expenses, Exhibit 1 - CR 3197, 3210; Appendix 6 in the court of appeals) . (**$15,536.50 in entries on fee billings were rendered for Defendants Saleh Abdellah Kamel and Dallah al Baraka, who never moved for sanctions**). (reproduced at Appendix p.71).

e. As shown by the billing entries excerpted from Crain, Caton & James' single fee bill, there are numerous instances of legal fees

rendered for researching counterclaims of slander, libel, and defamation, and the litigation privilege, all of which were clearly not applicable to any of these eleven Defendants' defense of Appellants' claims in the underlying suit. (Plaintiffs' Objections to Defendants' Application for Attorneys' Fees and Expenses, Exhibit 1 - CR 3197, 3214; Appendix 7 in the court of appeals) (**$19,852.75 in entries on fee billings were rendered for researching counterclaims, wholly unrelated to defense of the action**). (reproduced at Appendix p.77).

f. As shown by the billing entries excerpted from Crain, Caton & James' single fee bill, there are numerous instances of legal fees charged for phone communications, memos drafted, and meetings with unidentified persons, for which the fee entries are wholly or substantially redacted preventing both Appellants and the Trial Court, from making the detailed and specific review of the fees allegedly incurred, and preventing this Court from conducting its own duty of "rigorous" review for abuses of the district court's discretion (Plaintiffs' Objections to Defendants' App. for Attorneys' Fees and Expenses, Exhibit 1 - CR 3197, 3217; Appendix 8 in the court of appeals) (**$64,234.50 in fee entries that were wholly or extensively redacted**).
(reproduced at Appendix p.81).

g. As shown by the billing entries excerpted from Crain, Caton & James' fee bills, there are numerous instances of legal fees charged for multiple and repeated "conferences" between

> lawyers. (Plaintiffs' Objections to Defendants' Application for Attorneys' Fees and Expenses, Exhibit 1 - CR 3197, 3328; Appendix 11 in the court of appeals) (**607.60 hours and $144,287.50 in fee entries containing the description "conference"**). (reproduced at Appendix p.103).

As set forth above, none of the fees objected to by Appellants were: (1) expressly found by the Trial Court to have been caused by the violations of Rule 11, or (2) affirmatively found to be reasonable by the Trial Court. A district court necessarily abuses its discretion in imposing sanctions if it bases its ruling on an erroneous view of the law or a clearly erroneous assessment of the evidence. *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 405, 110 S.Ct. 2447, 2460-61, 110 L.Ed.2d 359 (1990). The 5th Circuit erred in affirming the trial court's award of sanctions without a finding that the attorneys' fees awarded were reasonable, and without making the finding that the number of hours allegedly incurred were reasonable, as required for an effective Lodestar calculation, and in doing so, violated this Court's decisions, including *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 478 U.S. 546 (1986); and *Blum v. Stenson*, 465 U.S. 886 (1984). This Court, in *Delaware Valley* provided, as follows:

> The most useful starting point for determining the amount of a reasonable fee is the number of hours reasonably expended on the litigation multiplied by a reasonable hourly rate. This calculation provides an objective basis on which to make an initial estimate of the value of a lawyer's services. To this extent, the method endorsed in *Hensley* follows the Third Circuit's description of the first step of the lodestar approach.
>
> ***

> We further refined our views in *Blum v. Stenson*, 465 U.S. 886, 104 S.Ct. 1541, 79 L.Ed.2d 891 (1984). *Blum* restated that the proper first step in determining a reasonable attorney's fee is to multiply "the number of hours reasonably expended on the litigation times a reasonable hourly rate." *Id.*, at 888, 104 S.Ct., at 1544. We emphasized, however, that the figure resulting from this calculation is more than a mere "rough guess" or initial approximation of the final award to be made. Instead, we found that "[w]hen ... the applicant for a fee has carried his burden of showing that the claimed rate and number of hours are reasonable, the resulting product is presumed to be the reasonable fee" to which counsel is entitled. *Id.*, 478 U.S. at 564-5.

The district court made no upward or downward adjustment to what purported to be a Lodestar calculation. Without a finding that the number of hours allegedly incurred was reasonable, the trial court and the 5th Circuit could not have made the required Lodestar calculation. Both the trial court and the 5th Circuit necessarily abused their discretion in imposing sanctions because both based their respective rulings on an erroneous view of the law or a clearly erroneous assessment of the evidence. *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 405, 110 S.Ct. 2447, 2460-61, 110 L.Ed.2d 359 (1990); and *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 478 U.S. 546 (1986); and *Blum v. Stenson*, 465 U.S. 886 (1984).

The 5th Circuit also affirmed a sanction of all attorneys' fees allegedly incurred despite the trial court's failure to make any finding that the entirety of the Complaint was legally or factually groundless. The trial court did not find all claims stated in the Complaint to be groundless. The trial court never addressed the

non-federal claims, the non-federal claims were never held to be frivolous or groundless and the entire case was never held to be "wholly frivolous" or "wholly groundless." Respondents admitted, both in their brief and during the sanctions hearings, that the state law claims relating to contractual and business disputes between the parties were arguable. Even the trial court found that the underlying claims were arguable, stating in the March 18, 2005 Order:

> Defendants complain that Plaintiffs have turned a potentially legitimate commercial and contractual dispute over the Moroccan investment project between a few defined parties into a broad-based attack on numerous individuals and entities with little or no connection to the dispute. (March 18 Order, CR 2525).

Such statements by Defendants and the trial court are a clear acknowledgment that Appellants had potentially legitimate commercial and contractual complaints, and that the only claims found to be frivolous and sanctionable were the federal claims alleged by Petitioners' former trial counsel. The remainder of the claims were simply dismissed for want of jurisdiction following the dismissal of the federal claims. Therefore, an award of "all fees incurred" means that the trial court awarded fees for the defense of claims and factual allegations never found to have been frivolous or sanctionable.

An interpretation of Fed. R. Civ. P. 11 to allow for the assessment of sanctions of the entirety of attorneys' fees and expenses allegedly incurred where (a) the trial court never affirmatively found the fees or the expenses to be "reasonable"; (b) the trial court never made a finding that the complaint was wholly frivolous; (c) the trial court never made a finding that the pendant state law claims were factually or legally unsupported,

much less frivolous; (d) the uncontroverted evidence established that a significant portion of such fees were (i) clearly unrelated to the sanctionable conduct found, (ii) clearly unrelated to the representation of the defendants moving for sanctions, or (iii) supported only by redacted fee statements which provided insufficient evidence of reasonableness; would be a clearly erroneous interpretation of Rule 11, and would violate this Court's precedents for determination of reasonableness. Petitioners request that this Court grant their Petition and construe Rule 11 to require the trial court to determine reasonableness consistent with Rule 11 as requested herein, and as required by prior precedent of this Court.

Summary

The holding of the 5th Circuit would impermissibly convert Rule 11 into a rule of strict and joint and several liability for commonly represented parties, and would make every party to every civil action an indemnitor for the conduct of both their attorneys and of every other commonly aligned party. The holding of the 5th Circuit would impermissibly allow the unrestrained assessment of fees and expenses that are not found to be reasonable, and that are not related to any sanctionable conduct. Finally, the holding of the 5th Circuit would impermissibly allow the imposition of sanctions in the absence of any evidence of, or any affirmative finding of, sanctionable conduct by a represented party. Rule 11 cannot and should not be so construed.

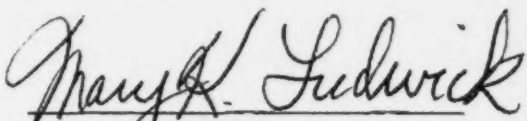
These holdings are contrary to well settled precedent of this Court, including *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 478 U.S. 546 (1986); and *Blum v. Stenson*, 465 U.S. 886 (1984). These holdings are also directly contrary to holdings of the majority of the courts of appeal, including the 11th Circuit, in *Byrne v. Nezhat*, 261 F.3d 1075 (11th Cir. 2001); the 10th Circuit in *White v. General Motors Corp., Inc.*, 908 F.2d 675

(10th Cir. 1990); the 6th Circuit in *In re Big Rapids Mall Associates*, 98 F.3d 926 (6th Cir. 1996); and the 2nd Circuit in *Calloway v. Marvel Entertainment Group, a Division of Cadence Industries Corp.*, 854 F.2d 1452 (2nd Cir. 1988).

Conclusion

For the reasons set forth herein, the Petition for a writ or certiorari should be granted.

Respectfully Submitted,



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INDEX TO APPENDIX

Skidmore Energy, Inc., et. al. v.
Maghreb Petroleum Exploration, SA, et. al.
455 F.3d 564 (5th Cir. 2006) 1

5th Circuit Order Denying Petitioners'
(Appellants in the court below) Petitions
for Rehearing and Rehearing En Banc 12

Trial Court Order Granting Defendants'
Motion for Rule 11 Sanctions
Dated March 18, 2005 14

Trial Court Order Granting Defendants' Request
for Attorney's Fees and Denying Plaintiffs'
Objections and Request for Reconsideration
Dated May 18, 2005 34

F. R. Civ. P. 11 50

Billing Excerpts Exhibits demonstrating
that a significant portion of such fees were
unrelated to the sanctionable conduct found,
were unrelated to the representation of any
of the Defendants moving for sanctions, or
were supported only by redacted fee statements
which provided no sufficient documentation to
determine reasonableness 54

*564

United States Court of Appeals, Fifth Circuit.

Skidmore Energy, Inc.; Geoscience International, Inc.,

Plaintiffs-Appellants,

v.

KPMG, et al.,

Defendants,

Maghreb Petroleum Exploration, SA; Mideast Fund for Morocco, LTD.; Crain, Caton & James, PC; Reuven M. Bisk; Saleh Abdellah Kamel; Abdellah Kamel; Samaha Trading UK; Mohammed Benslimane; Moulay Abdellah Alaoui; Shezi Nackvi; Richard Menkin; Mediholding, SA,

Defendants-Appellees.

No. 05-10819.

July 7, 2006.

Appeal from the United States District Court for the Northern District of Texas.

Before SMITH, WIENER and STEWART, Circuit Judges.

WIENER, Circuit Judge:

Plaintiffs-Appellants Skidmore Energy, Inc. and Geoscience International, Inc. (collectively, "Appellants") appeal the district court's award of sanctions totaling $530,667.32 against them and their trial counsel, Gary Sullivan, under Federal Rule of Civil Procedure 11. The district court apportioned the sanctions three-fourths to Sullivan and one-fourth jointly to Appellants. The

subject of this appeal is solely the one-fourth apportioned to Appellants; Sullivan is not an appellant herein. We conclude that the district court did not abuse its discretion in awarding sanctions or in assessing one-fourth of the award jointly against Appellants; neither do we perceive clear error in the court's determination of Defendants-Appellees' reasonable litigation expenses and attorneys' fees ***566** or in using that as the appropriate measure of sanctions. Accordingly, we affirm.

I. FACTS AND PROCEEDINGS

This lawsuit addresses an ongoing dispute that arose from oil and gas exploration activities in Morocco. One year after they were sued in Morocco for their alleged breach of contract, fraud, and mismanagement of the venture in which they were involved, Appellants filed the instant lawsuit in the Northern District of Texas addressing the same matters already being litigated against Appellants in Morocco. In their Complaint, which named 21 mostly foreign defendants, Appellants claimed damages of $3 billion based on Sherman Act and RICO violations, as well as breach of fiduciary duty, aiding and abetting breach of fiduciary duty, libel, civil conspiracy to suppress oil reserves, and fraud. They alleged *inter alia* that Defendants were involved in financing terrorist organizations, money laundering, and organized crime. The Complaint was ultimately dismissed in April 2005.

Defendants-Appellees (11 of the 21 defendants) filed a motion in the district court for Rule 11 sanctions in August 2004, asserting that the suit lacked both legal and factual evidentiary support. Two hearings on the motion were conducted in February 2005. The district court heard the testimony of several witnesses, including corporate representatives of both Appellants, and the court itself questioned their counsel, Gary Sullivan. At the conclusion of the hearings, the district court found that Rule 11 violations had indeed been committed and that

Defendants-Appellees' reasonable litigation expenses and attorneys' fees were an appropriate sanction. After reviewing detailed submissions from Defendants-Appellees concerning their fees and expenses, the district court entered an Order awarding sanctions totaling $530,667.32. Appellants were jointly assessed one-fourth of this amount; Sullivan was assessed three-fourths. This appeal followed.

II. STANDARD OF REVIEW

"We review all aspects of the district court's decision to invoke Rule 11 and accompanying sanctions under the abuse of discretion standard."[FN1] Appellate review is deferential because

> FN1. *Am. Airlines, Inc. v. Allied Pilots Ass'n,* 968 F.2d 523, 529 (5th Cir.1992).

the imposition or denial of sanctions of necessity involves a fact-intensive inquiry into the circumstances surrounding the activity alleged to be a violation of Rule 11. The perspective of a district court is singular. The trial judge is in the best position to review the factual circumstances and render an informed judgment as he is intimately involved with the case, the litigants, and the attorneys on a daily basis.[FN2]

> FN2. *Thomas v. Capital Sec. Servs., Inc.,* 836 F.2d 866, 873 (5th Cir.1988) (en banc).

A district court abuses its discretion if it imposes sanctions based on (1) an erroneous view of the law or (2) a clearly erroneous assessment of the evidence.[FN3]

> FN3. *Smith v. Our Lady of the Lake Hosp., Inc.,* 960 F.2d 439, 444 (5th Cir.1992).

"Determinations of hours and rates [for calculating reasonable litigation expenses and attorneys' fees] are questions of fact ....

Accordingly, we review the district court's determination of reasonable hours and reasonable rates for clear error."[FN4]

FN4. *Louisiana Power & Light Co. v. Kellstrom,* 50 F.3d 319, 324 (5th Cir.1995) (citation omitted).

*567 III. ANALYSIS

A. Propriety of Sanctions Against Appellants

[4] The district court did not abuse its discretion in awarding sanctions against Appellants. Rule 11 provides for sanctions against "the attorneys, law firms, *or parties* that have violated [the Rule] or are responsible for the violation."[FN5] The Advisory Committee notes regarding the 1983 Amendment further make clear that

FN5. Fed. R. Civ. P. 11(c) (emphasis added).

If the duty imposed by the rule is violated, the court should have the discretion to impose sanctions on either *the attorney, the party* the signing attorney represents, *or both,* ... and the new rule so provides .... Even though it is the attorney whose signature violates the rule, *it may be appropriate under the circumstances of the case to impose a sanction on the client.*[FN6]

FN6. Fed. R. Civ. P. 11 Advisory Committee Notes (emphasis added).

We have previously approved sanctions against a client as well as his attorney, because both have a duty "to conduct a reasonable inquiry into the facts or law before filing the lawsuit."[FN7]

FN7. *Jennings v. Joshua Indep. Sch. Dist.,* 948 F.2d 194, 197 (5th Cir.1991).

1. No Sanctioning of Clients for *Legally* Frivolous Pleading

Although a represented party may be held responsible for a pleading that violates Rule 11, the 1993 Amendment to the Rule specifically provides that "[m]onetary sanctions may not be awarded against a represented party for a violation of subdivision (b)(2)" concerning legally frivolous pleadings, which are peculiarly within the province of lawyers.[FN8] Appellants thus argue that the district court abused its discretion in sanctioning them for filing a legally frivolous pleading, for which only their lawyer could properly be sanctioned. They further assert that the district court made no specific findings that they had knowingly participated in sanctionable conduct. [FN9] Although this last point is perhaps debatable,[FN10] the district court would have abused its discretion if it had sanctioned ***568** Appellants for violating Rule 11(b)(2) by filing a *legally* frivolous pleading.

FN8. Fed. R. Civ. P. 11(c)(2)(A); *Bynum v. Am. Airlines,* No. 04-20921 (5th Cir. Feb.6, 2006) (unpublished) ("monetary sanctions can be imposed against the attorney but *not* the client for violations of Rule 11(b)(2)"). Under subdivision (b)(2) the person presenting the pleading certifies that "the claims, defenses, and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law." Fed. R. Civ. P. 11(b)(2).

FN9. *See Byrne v. Nezhat,* 261 F.3d 1075, 1117-18 (11th Cir.2001) (discussing liability of client for "knowing participation" in sanctionable conduct, misrepresenting facts, or for being the "mastermind" behind a frivolous case).

FN10. In its Orders of March 17 and May 18, 2005, the district court agreed with Defendants-Appellees that Appellants had "taken a commercial legal dispute in Morocco between well-defined parties and used it as a vehicle to harass and embarrass them by suing numerous individuals with little or no connection to the dispute and publicly accusing them in the suit of unfounded sensational wrongdoing," and that they exhibited a "reckless willingness to impose the burden of unwarranted litigation upon others," thereby knowingly participating in conduct violative of Rule 11(b)(1)

(improper purpose). The court described Appellants as "active participants." Also, the record contains a March 2004 letter from Sullivan to Michael Gustin, Skidmore's owner, acknowledging the aggressive legal positions they were advancing, the possibility of sanctions, and stating that "part of this reason for our lawsuit was to act as a counteroffensive to the lawsuit ... in Morocco."

2. Sanctions for *Factually* Frivolous Pleading

The district court did not, however, sanction Appellants for the *legally* frivolous nature of their pleading: It sanctioned them for the numerous *factually* groundless allegations in their Complaint, for which clients may properly be sanctioned.[FN11] The district court observed the "common thread weaving its way through this case ... is the puzzling lack of legal *or factual* support articulated for the pleadings," and repeatedly noted "Plaintiffs' failure to articulate any evidentiary support for their claims." The court discussed in detail the testimony of Michael Gustin, Skidmore's owner,[FN12] who assured the court that he had reviewed the pleadings before they were filed. Nevertheless, the district court found he was "entirely unable to articulate a factual nexus between any of the Defendants and verifiable money laundering activity," organized crime, terrorism financing, or any of the other "sensational allegations peppered throughout the complaint and RCS." The court found "[t]he bulk of Plaintiff[s'] causes of action ... are without evidentiary support and thus appear to have been 'instigated as a gamble that something might come of it rather than on the basis of the facts at hand.' " The court awarded sanctions because it found "that reasonable *factual* and legal inquiries would have prevented this suit from being filed."

FN11. *See* Fed. R. Civ. P. 11(b)(3) (factual evidentiary support); *see also Byrne*, 261 F.3d at 1118.

FN12. We acknowledge the argument of Appellants' counsel that only Skidmore's-and not Geoscience's - involvement in sanctionable conduct is reflected in the Record. We also observe, however, that these two entities were represented by common counsel in the district

court, as they are on appeal, and that in all of their filings no distinction is made between them. We cannot say, particularly in light of the district court's inherently superior vantage point, that the court erred in sanctioning Appellants jointly.

Moreover, adhering to the distinction between factual and legal grounds for sanctions, the district court "fully considered Sullivan's missteps when apportioning [the] fee award such that Plaintiffs bear responsibility for twenty-five percent of the award and Sullivan seventy-five percent." The district court did not abuse its discretion in awarding sanctions against Appellants based on the lack of support for the factual allegations in their pleading.

B. Quantum of Sanctions Award

Rule 11 expressly provides that when there is a violation of the Rule, an appropriate sanction is "an order directing payment to the movant of some or all of the reasonable attorneys' fees and other expenses incurred as a direct result of the violation."[FN13] The district court entered its Sanctions Order following two hearings in which it heard the testimony of several witnesses and questioned Appellants' trial counsel extensively, and following a review of documentation supporting Defendants-Appellees' claims for fees and expenses.

FN13. Fed. R. Civ. P. 11(c)(2).

1. Calculation of Reasonable Litigation Expenses and Attorneys' Fees

The district court's calculation of reasonable fees and expenses was not clearly erroneous. The court conducted the lodestar analysis by multiplying the reasonable number of hours expended in defending the suit by the reasonable hourly rates for the participating lawyers.[FN14] As ***569** the hourly rates submitted by the defense were not disputed,[FN15] the sole factor for the court's

determination was the reasonable number of hours expended. Relying on defense counsel's documentation, which "clearly indicate[d] the nature and type of work performed or [sic] and detail[ed] how the hours were spent on particular aspects of the case," the court concluded that the number of hours claimed by the defense was reasonable. Among the court's considerations were the complexity of the litigation, the number of individual and mostly foreign defendants, and the "vast array of claims asserted." Given the district court's "intimate[ ] involve[ment] with the case, the litigants, and the attorneys,"[FN16] as well as its thorough discussion in its Order granting the sanctions, its factual determination of the reasonable number of hours expended was not clearly erroneous.[FN17]

FN14. *See Kellstrom,* 50 F.3d at 324.

FN15. The district court also determined that "[t]he Defendants' attorneys' hourly fees ... appear to be comparable fees for representation of similar quality in this area."

FN16. *Thomas,* 836 F.2d at 873.

FN17. In assessing the overall reasonableness of the defense costs, we note, as the district court observed, that the plaintiffs' own costs were nearly $100,000 greater.

2. Fees Unrelated to Sanctionable Conduct

Appellants complain, vaguely and conclusionally, that a "significant portion" of the defense costs awarded were unrelated to the sanctionable conduct or were incurred in representing defendants other than the 11 that moved for sanctions. Beyond these bare assertions, however, Appellants failed adequately to brief the issue or to call our attention to anything in the record that might support this contention. There is no readily apparent indication that the district court's assessment of the evidence concerning fees and expenses was clearly erroneous. In fact, the district court concluded that all of the defense costs arose from

the sanctionable conduct because otherwise the lawsuit would never have been filed at all.[FN18]

FN18. In its Order of March 17, 2005, the court stated that "because the Court further finds that reasonable factual and legal inquiries would have prevented this suit from being filed against these eleven defendants, the Defendants are awarded all of their reasonable attorneys' fees they expended in defending this suit."

3. "Snapshot" Test

Appellants argue that the district court impermissibly awarded sanctions based on conduct after the sanctionable pleading was signed, thereby imposing a continuing obligation on their trial counsel to reevaluate the merits of the case as it developed. They cite our *en banc* decision in *Thomas v. Capital Security Services, Inc.* for its "snapshot" test: "Like a snapshot, Rule 11 review focuses upon the instant when the picture is taken-when the signature is placed on the document."[FN19] Therefore, "in considering the nature and severity of the sanction to be imposed under Rule 11, the court should consider the state of mind of the attorney when the pleading or other paper was signed."[FN20]

FN19. 836 F.2d at 874.

FN20. *Id.* at 875 (quotation omitted).

Appellants' contention is meritless, as the district court's Order of March 17, 2005, which the Appellants themselves quote at length in their brief, makes clear:

After reading all of his filings and exhibits, hearing from his witnesses, and vigorously questioning him at both hearings, it appears that, *at the time Sullivan filed his complaint* and RCS and continuing through the February 28, ***570** 2005 evidentiary hearing, he had no evidentiary support for the factual allegations underlying his causes of action and no "good reason to believe"

that the facts he alleged were likely to have evidentiary support.

Appellants, in their quotation of the same passage, place emphasis on the phrase, "and continuing through the February 28, 2005 evidentiary hearing," as evidence that the district court did not focus solely on the instant the Complaint was signed.

This argument misses the point of the *Thomas* "snapshot" test. Prior to that decision, attorneys in this Circuit had a continuing obligation to review and reevaluate their positions as the litigation developed; a document that initially satisfied Rule 11 might later become the basis for sanctions if new facts were discovered or circumstances changed such that there was no longer a good faith basis for the earlier filing.[FN21] *Thomas*'s "snapshot" rule ensures that Rule 11 liability is assessed only for a violation existing at the moment of filing. Although the district court's Order mentions the time between the filing of the complaint and the evidentiary hearing, the court clearly concluded that Sullivan's filing never satisfied Rule 11 to begin with-that is, at the time of filing-and the fact that he still had no evidentiary support by the time of the hearing only underscores the violation.

> FN21. *See Childs v. State Farm Mut. Auto. Ins. Co.*, 29 F.3d 1018, 1024 n. 18 (5th Cir.1994) (discussing *Thomas*).

4. Advance Warning for "Obviously Defective" Pleading

The *en banc* court in *Thomas* instructed that "where a complaint or other paper is obviously defective within the context of Rule 11, ... a court should at minimum notify the individual certifying the document that Rule 11 sanctions will be assessed at the end of trial if appropriate." [FN22] Appellants seize on this language to insist that the district court's failure to warn their trial counsel was an abuse of discretion. [FN23] We have previously rejected this contention, stating flatly that "*Thomas* did not establish a rule that district courts, in all instances, must give the offending party

notice of a Rule 11 violation before applying sanctions."[FN24] The district court was thus not required to save Appellants from themselves or their attorney.

FN22. 836 F.2d at 881.

FN23. Appellants' own characterization of their Complaint as "obviously defective" necessarily precludes any argument on appeal that their filing was not sanctionable.

FN24. *Harmony Drilling Co. v. Kreutter,* 846 F.2d 17, 19 (5th Cir.1988).

IV. CONCLUSION

The district court did not abuse its discretion in awarding Defendants-Appellees their reasonable attorneys' fees and expenses as Rule 11 sanctions for the filing of this wholly frivolous lawsuit. This sanction was imposed for both the legally frivolous nature of the suit and the obvious lack of evidentiary support for the sensational allegations in the Complaint; and liability for the sanctions award was appropriately apportioned between Appellants and their trial counsel. Thus, the district court did not abuse its discretion in awarding or apportioning sanctions and did not commit clear error in its determination of the reasonable litigation expenses and attorneys' fees occasioned by the frivolous filing. The district court's Order is, in all respects,

AFFIRMED.

C.A.5 (Tex.),2006.
Skidmore Energy, Inc. v. KPMG
455 F.3d 564

IN THE UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

No. 05 – 10819

SKIDMORE ENERGY, INC;
GEOSCIENCE INTERNATIONAL, INC.

Plaintiffs – Appellants

v.

KPMG, Et Al

Defendants

MAGHREB PETROLEUM EXPLORATION SA; MIDEAST FUND FOR MOROCCO, LTD; CRAIN, CATON & JAMES PC; REUVEN N BISK; SALEH ABDELLAH KAMEL; ABDELLAH KAMEL; SAMAHA TRADING UK; MOHAMMED BENSLIMANE; MOULAY ABDELLAH ALAOUI; SHEZI NACKVI; RICHARD MENKIN; MEDIHOLDING SA

Defendants – Appellees

Appeal from the United States District Court
for the Northern District of Texas, Dallas

ON PETITION FOR REHEARING
AND REHEARING EN BANC

(Opinion 7/7/06, 5 Cir., _____, _____ F.3d)

Before SMITH, WIENER, and STEWART, Circuit Judges

PER CURIAM:

(✓) The Petition for Rehearing is DENIED and no member of this panel nor judge in regular active service on the court having requested that the court be polled on Rehearing En Banc, (FED. R. App. P. and 5TH CIR. R. 35) the Petition for Rehearing En Banc is also DENIED.

( ) The Petition for Rehearing is DENIED and the court having been polled at the request of one of the members of the court and a majority of the judges who are in regular active service and not disqualified not having voted in favor, (FED. R. APP. P. and 5TH CIR. R. 35) the Petition for Rehearing En Banc is also DENIED.

( ) A member of the court in active service having requested a poll on the reconsideration of this cause en banc, and a majority of the judges in active service and not disqualified not having voted in favor, Rehearing En Banc is DENIED.

ENTERED FOR THE COURT:

/s/ J.L Wiener, Jr.
United States Circuit Judge

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SKIDMORE	§	
ENERGY, INC., et al.	§	
Plaintiffs,	§	
	§	
v.	§	**CIVIL ACTION NO.**
	§	**3: 03-CV-2138-B**
	§	
KPMG, et al.	§	
Defendants.	§	

ORDER GRANTING DEFENDANTS' MOTION FOR RULE 11 SANCTIONS AGAINST PLAINTIFFS SKIDMORE ENERGY, INC. AND GEOSCIENCE INTERNATIONAL, INC., AND THEIR ATTORNEY, GARY SULLIVAN

Before the Court is the Motion for Sanctions of Defendants MFM, MPE, A. Kamel, Samaha, Nackvi, Menkin, Mediholding, Benslimane, Alaoui, Bisk and Crain Caton against Plaintiffs Skidmore Energy, Inc. and Geoscience International, and Their Attorney Gary Sullivan, filed August 16, 2004 ("Defendants' Motion for Sanctions")(doc. 253). These eleven defendants claim that Plaintiffs' suit against them is factually and legally groundless and seek appropriate sanctions under Rule 11 of the Federal Rules of Civil Procedure. Hearings were held on the motion on February 2 and 28, 2005. For the reasons stated below and on the record at the close of the February 28, 2005 hearing, the Court agrees with Defendants and **GRANTS** the Defendants' Motion for Sanctions.

I. BACKGROUND

The background of this case is familiar territory at this point in the proceedings. Plaintiffs' unsuccessful oil and gas exploration activities in Morocco triggered a lawsuit against them in that country followed by this suit, which was filed by Plaintiffs on September 19, 2003. In this case, Plaintiffs sued twenty-one mostly foreign defendants for violations of the United States' Sherman Antitrust Act, 15 U.S.C. §§ 1-2, and the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. §§ 1961 et seq., and for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, libel, civil conspiracy, and fraud.[1] The Defendants each responded with motions to dismiss, asserting pleading and jurisdictional defects in the complaint. The Court granted the Defendants' motions and dismissed all twenty-one Defendants from the case as set forth below.

All of the nonresident Defendants sued in their individual capacities – Benslimane, Alaoui, Benmoussa, A. Kamel, S. A. Kamel, Menkin and Nackvi – were dismissed for lack of personal jurisdiction on September 3, 2004. Plaintiffs' claims against Prince Bandar were dismissed for lack of subject matter jurisdiction on December 3, 2004. That same day, the Court dismissed nonresident company Defendants MPE, MFM, Samaha, Dallah, and Mediholding for lack of personal jurisdiction, and also denied the Plaintiffs' motion for antisuit injunction. Finally, on December 28, 2004, the Court dismissed the case against Defendants KPMG, Rosetti, Quinn, Faisal, Saudi Aramco, Saoud, Bisk, and the law firm of Crain, Caton, & James, P.C. ("Crain Caton") for failure to state a claim and for lack of subject matter jurisdiction, and against defendants Quinn and Rosetti for lack of personal jurisdiction over them.

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[1] (See generally Pls.' Orig. Compl.1).

II. THE RULE 11 MOTION

A. Defendants' Allegations

In their Rule 11 Motion, Defendants complain that Plaintiffs have turned a potentially legitimate commercial and contractual dispute over the Moroccan investment project between a few defined parties into a broad-based attack on numerous individuals and entities with little or no connection to the dispute. Defendants also charge that Plaintiffs' sensational accusations against them of organized crime, racketeering, wire and mail fraud, antitrust violations, money laundering, and terrorism financing are bereft of any factual foundation. They cite to numerous examples of the offensive language in Plaintiffs' Complaint and RICO case statement ("RCS") including:

- "Defendants used the Liechtenstein company as a means of money laundering and to that end attracted funds from the United States." (Pls.' Orig. Compl, p. 20 ¶ 80);

- "Defendants' threats and money laundering are extraordinarily serious in view of the documented record of financing terrorist and terrorist related organizations." (Pls.' Orig. Compl. p. 20 ¶ 80);

- "[Defendants]..have committed numerous criminal acts, including but not limited to mail and wire fraud, extortion, bribery and attempted bribery, and money laundering." (Pls.' Orig. Compl. pp. 19-20 ¶ 75);

- "Defendants have been aided and abetted in their illegal scheme by elements of classical organized crime and their associates..." (Pls.' Orig. Compl. p. 21 ¶ 83);

- "[P]laintiffs were the victim (sic) of a complex and sophisticated enterprise to defraud American investors out of capital and technology. The enterprise utilized layers of investment companies to funnel money and conceal the true owners from other investors, in a manner typical of money laundering schemes." (RCS p. 2);

- "...[I]t was clear that the remaining investors in MPE were several layers of front companies...Although Plaintiff does not have proof of specific money laundering activities, this structure...is a typical method of conducting money laundering activities." (RCS p. 14);

- "[Several of the Defendants] are currently under investigation or are Defendants in civil litigation related to alleged financing and support of unlawful activities including money laundering and terrorism." (RCS p. 14).

Defendants further complain that Plaintiffs improperly included the Defendants' attorneys, Reuven Bisk and the law firm of Crain Caton in the suit without any factual basis that either had a connection to the Moroccan dispute other than the rendering of legal services to investors in MPE and to MPE itself. Moreover, Defendants argue that Reuven Bisk was not even employed by Crain Caton at the time of the events underlying the lawsuit.

To sum up, Defendants maintain that Plaintiffs have taken a commercial legal dispute in Morocco between well-defined parties and used it as a vehicle to harass and embarrass them by suing numerous individuals with little or no connection to the dispute and publicly accusing them in the suit of unfounded sensational wrongdoing.

B. Plaintiffs' Response

A common thread weaving its way through this case, beginning with Plaintiffs' responses to the Defendants' motions to dismiss, continuing through their written response to the Rule 11 motion and surfacing again in their arguments at the Rule 11 hearings, is the puzzling lack of legal or factual support articulated for the pleadings. Boilerplate and vague, Plaintiffs make no concrete effort to defend either the broad range of Defendants they included in this suit or the inflammatory charges they level against them in their pleadings. Characteristic of Plaintiffs' failure to articulate any evidentiary support for their claims is their written response to Defendants' argument that Plaintiffs' money laundering and terrorism allegations are completely unfounded. In their defense of their allegations, Plaintiffs write:

> The Defendants claim that allegations of [m]oney laundering and [t]errorism are sensational and have no relation to the present lawsuit. The way in which Plaintiffs' investment in Morocco was stolen has all the elements of a money laundering scheme. The U.S. Patriot Act and related laws place an affirmative duty on the Plaintiffs....to take action against suspected money laundering that may be in support of terrorism. Defendants misunderstand or misrepresent the duty of these Plaintiffs...under United States law." (Pls.' Br. at 4).

To argue that "the way" their investment was stolen "has all the elements of a money laundering scheme" without more not only fails to justify their inclusion of these allegations in the pleadings, it also raises questions as to whether any evidentiary support exists for such claims. Without identifying them, Plaintiffs also claim to have "presented many items of evidence through the

pleadings and motions filed in this case, including affidavits attesting to the basis for the claims that Dallah al Baraka and Prince Bandar were directly involved in the MPE." (Pls.' Br. at 3) The appendix of exhibits attached to their response, consisting of photographs of the Moroccan project, a DVD of a Moroccan television report on the project and two website listings relating to their Moroccan concessions, adds nothing to support their pleadings. (See App. to Pls.' Resp.).

C. The Hearings

Due to the vague response by Plaintiffs to the Rule 11 motion, the Court scheduled a hearing on the motion for February 2, 2005. After Defendants' counsel presented his argument in favor of the motion, Plaintiffs' counsel, Mr. Gary Sullivan ("Sullivan"), took his turn at the lectern only to present a perplexingly vague explanation - similar to his written response - as to the legal and factual bases for his pleadings. In essence, he made reference to having initiated a pre-filing investigation by a former FBI agent to determine the existence and location of banks in the U.S. connected to one or more of the Defendants. (Tr. I[2] at 18-20). He further claimed to have had an accounting firm review Skidmore's records to ascertain whether his client had invested the 27 million dollars in the Moroccan project he claimed he had. (Id. at 20) Finally, he asserted he hired an independent oil and gas expert to review the data from the Moroccan project to establish that it had been a viable venture. (Id. at 21) Because none of these pre-filing inquiries he described appeared to have a material connection to the legal and factual bases for his pleadings, the Court interrupted him and told him that he was not responding to the allegations in the Rule 11 Motion. When he continued to struggle to make a credible response to the motion, the Court

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"Tr. I" and "Tr. II" refer respectively to the transcripts of the hearings held February 2 ry 2 and February 28, 2005.

made the following observation to him:

> You're not solving anything for me right now except giving me a lot of vagaries. And I will tell you, just from your demeanor and your answers to my questions, I am real concerned about whether or not you do have any answers to my questions. Where I think we are right now is I'm going to have an evidentiary hearing on [Defendants'] ...allegations and require that you come forward and meet specifically their allegations under Rule 11 with respect to each of the defendants that they say should never been named in here, with respect to each of the legal allegations which they say are completely unfounded in the law, and with respect to the sensational allegations and other factual allegations which they say violate Rule 11 ... (Tr. I at 35).

The Court further stated to Plaintiffs' counsel:

> You should have been prepared today to answer these questions, and you're not....I want the record to be clear, Mr. Sullivan, that you were not prepared today for this hearing. But rather than sanction you for serious allegations of a Rule 11 violation of the nature and breadth that we've got in this case, I want to be sure that you've had a full opportunity to meet each allegation in an evidentiary hearing on the record before me. So next time be prepared, like you should have been today for the hearing. (Id. at 36, 39).

The in-court instructions were followed up with a written order which directed as follows:

> An evidentiary hearing on the Defendants' Motion for Sanctions, filed August 16, 2004 ("Defendants' Motion") (doc. 253) is set for: Monday, February 28, 2005, at 10:00 a.m.
>
> .....
>
> As directed by the Court on the record at the February 2, 2005 hearing on the Defendants' Motion, the Court has determined that it is appropriate to hear evidence on the allegations contained in the Defendants' motion. Accordingly, three days prior to the hearing, the parties are to exchange exhibit and witness lists and file theses lists with the Court. Each side will have one hour to present their proof. For the reasons stated on the record at the February 2, 2005 hearing, Plaintiffs' counsel must be prepared to respond to the specific allegations in the defendants' motion. (2/3/05 Order).

On the day of the February 28, 2005 evidentiary hearing, Plaintiffs' counsel, much to the Court's dismay, was again unprepared to proceed. Not only had he failed to prepare and file a witness or exhibit list as ordered, he insisted that a motion to disqualify Defendants' counsel and a motion for discovery he had filed just days before the hearing somehow trumped the Court's order for the evidentiary hearing and effected a stay on his obligation to comply with the Court's directive. (Tr. II at 5-9) In fact, the Court denied the discovery motion two days before the hearing, and, after a short hearing, the Court had denied his motion to disqualify Defendants' counsel on the morning of the Rule 11 evidentiary hearing. (Id. at 9-61) The Court then proceeded with evidentiary hearing.

Unfortunately, Plaintiffs' counsel's presentation was essentially a repeat of his ill-prepared display from the previous hearing. Despite having failed to file a witness or exhibit list, the

Court permitted him to present evidence. He called three witnesses including Skidmore's owner, Michael Gustin, Renn Rothrock, a petroleum engineer who had been hired as a consulting expert to evaluate the viability of Skidmore's claims of a significant discovery of reserves in Morocco, and Robert Foote, a scientist and corporate representative of Plaintiff Geoscience International, Inc. Neither Foote nor Rothrock's testimony provided any information to establish a factual or legal basis for the allegations at issue in the Rule 11 motion. (Id. at 181-194; 195-216).

Gustin's testimony centered on the events leading up to his investment in the Moroccan project, the legitimacy of his claims that he had made a significant find of oil and gas reserves in that country and his claim that control of the company had been wrested from him by actions of certain of the Defendants.[3] (Id. at 119-163) None of his testimony, however, answered Defendants' charges that he had sued numerous other individuals with little or no factual or jurisdictional connection to the case. Nor did his testimony explain how the central dispute over his loss of control of MPE supported his accusations of money laundering, organized crime, racketeering, wire and mail fraud, antitrust violations or terrorism financing.

Gustin stated that he never discussed whether there was a problem with personal jurisdiction over the Defendants in the case with his attorneys. (Id. at 209) He described being "shocked" that the cases were dismissed on jurisdictional grounds. (Id. at 210) With respect to the basis for the allegations of money laundering, he stated that the only factual support he had was " I

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The relationship of each of the Defendants to the Moroccan project and its ultimate failure is murky at best. The Defendants' brief in support of their Motion for Sanctions sheds some light on the matter. (See Defs.' Br. at 4-9)

didn't know where the money [for the defendants' investment] came from..." (Id. at 210-11) He made vague references to "their" connection to a company in Florida and to the "9/11 lawsuit" and "the fact that we had so many unknowns about this Liechtenstein corporation and the involvement and Prince Bandar and Dallah Al Baraka" and that "there was no proof of where any of this money ever went." (Id. at 211-12) But he was entirely unable to articulate a factual nexus between any of the Defendants and verifiable money laundering activity. When asked about the organized crime and terrorism financing allegations, Gustin's response was, "I couldn't tell you right now other than Gary [Sullivan] had several people in Washington, D.C. helping him do research. I can't recall their names." (Id. at 212–13) When queried as to why the law firm was sued, Gustin responded, "...just the fact that they represented [Gustin's partner in the Moroccan project] and my company Skidmore Energy which owned the other two companies that have been discussed here today." (Id. at 213). Despite his inability to supply any factual support to defend his pleadings, Gustin stated he was "sure" that he reviewed the pleadings in this case with Sullivan before he filed them. (Id. at 216-17).

At the close of the hearing, the Court again questioned Sullivan on the nature of his factual and legal inquiry prior to filing this case and his RICO case statement. Once again, he was unable to articulate a factual or legal connection between the Defendants and the challenged allegations. When asked to support his money laundering allegations, Sullivan responded "I think I answered that question at the last hearing." (Id. at 224-25) Then in general terms, he described hiring "leading experts" to review his complaint before it was filed. (Id. at 225) In that connection, he referred the Court to an affidavit of attorney Ethan Burger, attached to his Motion for Discovery that was filed February 25, 2005, which he indicated established that he conducted a pre-filing inquiry on the case. (Id. at 225-26) In his affidavit, however, Burger only avers in very general terms that

his firm was hired to "examine a variety of issues in connection with the facts involved in the present case." (Mot. for Disc., Burger Aff. at 3) He describes developing "biographical information on scores of individuals," a "document that showed possible relationships between such individuals," and a "chronology." (Id.) But nowhere does Burger supply any specifics as to the "facts" he examined or the "individuals" on whom he developed biographical information. Finally, when pressed again for "viable facts" to support his complaint, Sullivan responded that it would take "two months of testimony" to answer the Court's question. (Id. at 228-29) In the end, he reverted to supporting his pleadings in generalities maintaining he had "met with almost everybody in Washington and certainly nobody ever said I was off the mark." (Id. at 229).

III. ANALYSIS

A. Legal Standard

Rule 11(b) provides:

> By presenting to the court (whether by singing, filing, submitting, or later advocating) a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, -
>
> (1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;
>
> (2) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to

have evidentiary support after a reasonable opportunity for further investigation or discovery;

(3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery....
FED. R. CIV. P. 11(b)(1),(2),(3).

The Rule places three affirmative duties on an attorney to which the attorney certifies he has complied by signing a pleading motion or other document, including: (1) that the attorney has conducted a reasonable inquiry into the facts which support the document; (2) that the attorney has conducted a reasonable inquiry into the laws such that the document embodies existing legal principals or good faith argument for extension, modification, or reversal of existing law; and (3) that modification is not interposed for purposes of delay, harassment, or increasing costs of litigation. *Childs v. State Farm Mut. Auto Ins. Co.*, 29 F.3d 1018, 1023-24 (5th Cir. 1994).

To evaluate whether an attorney has made a reasonable inquiry into the facts, a court should consider the time available to the signer for investigation, the extent of the attorney's reliance upon his client for the factual support for the document, the feasibility of a pre-filing investigation, whether the attorney accepted the case from another attorney, the complexity of the factual and legal issues, and the extent to which the development of the factual circumstances requires discovery. Id. at 1026. The reasonableness of the legal inquiry is determined by considering the time available to the attorney, the plausibility of the legal view contained in the document, the pro se status of the litigant, and the complexity of the legal and factual issues. *Smith v. Our Lady*

of the Lake Hosp., Inc., 960 F.2d 439, 444 (5th Cir. 1992)(citing *Thomas v. Capital Sec. Servs.*, 836 F.2d 866, 875-76 (5th Cir. 1988)).

An attorney's subjective good faith provides no defense under the objective standard governing Rule 11. *Childs*, 29 F. 3d at 1024. Instead, the courts look to the objective reasonableness of the attorney's conduct at the moment the document was signed. *Jordaan v. Hall*, 275 F. Supp. 2d 778, 787 (N.D. Tex. 2003).

The Fifth Circuit has viewed the attorney's duty to conduct a reasonable pre-filing inquiry to be particularly important in RICO cases, reaffirming this position in Smith with the following quote:

> Given the resulting proliferation of civil RICO claims and the potential for frivolous suits in search of treble damages, greater responsibility will be placed on the bar to inquire into the factual and legal bases of potential claims or defenses prior to bringing such suit or risk sanctions for failing to do so.

Smith, 960 F.2d at 444 (citing *Chapman & Cole v. Itel Container Int'l B.V.*, 865 F. 2d 676, 685 (5th Cir. 1989)(quoting Black & Magenheim, *Using the RICO Act in Civil Cases*, 22 Hou. Law 20 24-25 (Oct. 1984))).

B. Analysis

With respect to his factual inquiry, Sullivan insisted at the second hearing that he did conduct a pre-filing investigation before filing his complaint against the Defendants. But his contention that he hired "leading experts" to help conduct the investigation was belied by his inability to articulate any specific information gleaned from this investigation to support his

decision to include the allegations he leveled against the Defendants in the complaint and the RCS. Likewise, his claim at the first hearing that he engaged a former FBI agent, an accounting firm, and an oil and gas expert prior to filing did nothing to establish that he complied with his Rule 11 obligations because he simply could not supply any facts from these alleged undertakings to justify his pleadings accusing these Defendants of engaging in organized crime, racketeering, wire and mail fraud, antitrust violations, money laundering, and terrorism financing.

Sullivan also defends his pleadings by arguing, first in his response to the Rule 11 motion and again at the hearings, that his only pleading obligation under the Fifth Circuit authority is put the Defendants "on notice of the claims against them" not to establish a prima facie case of the elements of the claims. (Pls.' Br. at 3). But this argument also misses the mark. While the Federal Rules permit notice pleading, they do not "allow a plaintiff to abdicate the basic facts demonstrating his entitlement to relief." *Murphy v. White Hen Pantry Co.*, 691 F. 2d 350, 353 (7th Cir. 1982). As the Advisory Committee Notes to the 1993 amendments to Rule 11 provide:

> Tolerance of factual contentions in initial pleadings by plaintiffs or defendants when specifically identified as made on information and belief does not relieve litigants from the obligation to conduct an appropriate investigation into the facts that is reasonable under the circumstances; it is not a license to join parties, make claims, or present defenses without any factual basis or justification. FED. R. CIV.-P. 11, 1993 Advisory Committee Notes.

Sullivan cannot hide behind the notice pleading requirements to defend his failure to conduct a reasonable inquiry into the facts underlying his case. He had several chances to

establish the factual underpinnings of his case, including his response to the motions to dismiss, his response to the Rule 11 Motion, and his multiple opportunities at the lectern during the two hearings. He wholly failed to do so at every juncture. His stunning lack of preparedness to defend his pleadings at both Rule 11 hearings despite a clear directive from this Court undermines his credibility when he claims to have facts that support the allegations made in his pleadings. After reading all of his filings and exhibits, hearing from his witnesses, and vigorously questioning him at both hearings, it appears that, at the time Sullivan filed his complaint and RCS and continuing through the February 28, 2005 evidentiary hearing, he had no evidentiary support for the factual allegations underlying his causes of action and no "good reason to believe" that the facts he alleged were likely to have evidentiary support. See 5A CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE §1335 (3d ed. 2004 & Supp. 2004).

The insufficiency of Sullivan's legal inquiry is revealed by the implausibility of his legal theories. As summarized above, all of the eleven defendants moving for sanctions were dismissed from the case on threshold legal grounds. Benslimane, Alaoui, A. Kamel, Menkin, and Nackvi were dismissed for lack of personal jurisdiction in an order entered September 3, 2004. In that order, the Court found, based on settled authority, that the Plaintiffs had failed to allege sufficient facts establishing a prima facie case for personal jurisdiction over these Defendants. The Court found their basic jurisdictional allegations "plainly insufficient" for "fail[ing] to allege sufficient facts to support a connection between Texas and any of these defendants." (9/3/04 Order at 13) Their alternative bases for in personam jurisdiction under RICO's venue provision and the "Absent Co-Conspirator Doctrine" were just as flimsy. RICO does not provide for service of process in a foreign country, a legal fact that a modicum of research by Plaintiffs' counsel would have established. And Plaintiffs cited no

authority establishing that the "Absent Co-Conspirator Doctrine" was even applicable to this case. MPE, MFM, Samaha and Mediholding were dismissed based on identical jurisdictional shortcomings. (12/3/04 Order at 7-13).

Plaintiffs' claims against attorney Reuven Bisk and the Crain Caton law firm were dismissed for failure to state a claim under Rules 12(b)(6) and 9(b) of the Federal Rules of Civil Procedure. As described by the Court in its December 28, 2004 Order granting Bisk's and Crain Caton's Motion to Dismiss, the antitrust claims were "insufficient as a matter of law to plead the existence of a conspiracy or agreement to restrain trade." (12/28/04 Order at 11) With respect to the RICO claim against these Defendants, the Court found the allegations "especially deficient" with respect to Bisk and Crain Caton. (Id. at 17) When pressed by the Court at the second hearing for facts to support his allegations against Bisk, Sullivan referred to the "role that Mr. Bisk played in the deception leading up to the dilution." When asked how he knew that Bisk had played this role, Sullivan replied, "...I mean its his client. How did he not know." (Tr. II at 219-20) Based on the briefing and the arguments and evidence at the hearings, there does not appear to be any factual connection between Bisk and Crain Caton and the allegations underlying this suit other than the rendering of legal advice. And the legal advice rendered does not appear connected to the issue underlying this case - the change in control of MPE. As pointed out by the Defendants in their brief:

> Neither Reuven Bisk nor Crain, Caton: (1) were licensed to practice in Morocco; (2) participated as attorneys with respect to the corporate resolutions in question; or (3) served as accountants employed to assist KPMG in their accounting analyses. .... Indeed Reuven Bisk was not even employed by Crain, Caton at the time of the alleged wrongdoing. (Defs.' Br. at 14 ¶ 34).

"Where a reasonable amount of research would have revealed to the attorney that there was no legal foundation for the position taken, Rule 11 sanctions will be imposed." *Jordaan*, 275 F. Supp. 2d at 787 (quoting *Collin County, Texas v. Homeowners Association for Values Essential to Neighborhoods*, (HAVEN), 654 F. Supp. 943, 954 (N.D. Tex. 1987)). The absence of legal support for the claims against these eleven Defendants is evident from the texts of the three orders dismissing all of the Defendants and the claims against them from the suit. The orders also reveal that minimal legal research would have shown Plaintiffs that suing these Defendants under the legal theories alleged would be a fruitless endeavor. Missing from the complaint against Defendants Benslimane, Alaoui, A. Kamel, Menkin, Nackvi, MPE, MFM, Samaha, and Mediholding were very basic allegations supporting personal jurisdiction. With regard to the order dismissing Reuven Bisk and the Crain Caton from the case, as mentioned, the allegations against them failed to state legal claims sufficient to sustain the case against them. Finally, despite multiple opportunities, Plaintiffs have been wholly unable to explain how the facts surrounding the crux of the cases- their loss of control of MPE- in any way supports accusing the Defendants under the legal theories of RICO, organized crime, racketeering, wire and mail fraud, antitrust violations, money laundering, and terrorism financing.

In sum, Plaintiffs' allegations against these eleven defendants are not the product of an objectively reasonable inquiry into the facts or law as required by Rule 11 and appropriate sanctions will be entered.

C. Appropriate Sanctions

Once the Court determines that there has been a violation of Rule 11(b), it may impose appropriate sanctions upon the responsible parties, attorneys or law firms. *Childs*, 29 F.3d at 1027. It "must impose the least severe sanction on attorneys and

parties who violate Rule 11," but the Fifth Circuit has affirmed a determination by a district court that the least severe sanction for a wholly frivolous lawsuit "is the imposition of reasonable attorneys' fees and expenses." Id. (citing *Granader v. McBee*, 23 F.3d 120, 124 (5th Cir. 1994)) A party moving for Rule 11 sanctions has a duty to mitigate its damages. Other sanctions under Rule 11 may include admonishing or reprimanding the offending attorneys, compulsory legal education, or monetary sanctions. *Thomas*, 836 F.2d at 878.

In the Advisory Committee Notes to the 1993 Amendment of Rule 11, suggested factors to consider in deciding the severity of sanctions include:

(1) whether the conduct was wilful or negligent;
(2) whether it was part of a pattern of activity or an isolated event;
(3) whether the conduct infected the entire pleading or only a particular count or defense;
(4) whether the person has engaged in similar conduct in other litigation;
(5) whether the conduct was intended to injure;
(6) the effect of the sanctionable conduct on the litigation process time and/or expense; and
(7) the expertise of the responsible person.

In *Thomas*, the Fifth Circuit emphasized that if the sanction is imposition of an opponent's fees and expenses, those expenses must be caused by the violation, and must be reasonable. 836 F.2d at 878-79. When analyzing "reasonableness," the district court should consider the extent to which the non-violating party sought to mitigate its expenses. Id. In *Childs*, the Fifth Circuit reviewed a district court's award of sanctions in the form of the opponent's fees and costs from the time the evidence that his client's case was based on fraud became compelling. 29 F.3d at 1022-23. The district court had reduced

the amount of fees it found reasonable from $43,000 to $30,000, finding that this amount was a sufficient sanction. *Id.* at 1023. In *Mercury Air Group, Inc. v. Mansour*, the Fifth Circuit affirmed an award of $200,000 in reasonable attorneys fees and costs as a sanction against a plaintiff who would have known its suit was baseless if it had paid heed to certain deposition testimony. 237 F.3d 542, 548 (5th Cir. 2001). In *Jordaan*, Chief Judge Fish imposed sanctions of payment of the defendants costs and attorneys' fees, as well as a fine and suspension from practice before the court until payment of the fine where the opponent had notified the sanctioned attorney "early on that the claims contained in the complaint were legally unfounded," and each defendant moved to dismiss for lack of subject matter jurisdiction. 275 F. Supp. 2d at 790 (citing *Childs*, 29 F.3d at 1028).

Here, considering all of the factors, the Court finds that the appropriate sanction is to award the Defendants their reasonable attorneys fees caused by the violation. As addressed at length above, elementary legal research on personal jurisdiction would have prevented this suit from being filed against Defendants Benslimane, Alaoui, A. Kamel, Menkin, Nackvi, Samaha, MPE, MFM, and Mediholding. The case against Bisk and Crain Caton, which was dismissed on threshold legal grounds, is wholly lacking in articulable factual or legal support. The bulk of Plaintiff's causes of action, including the sensational allegations peppered throughout the complaint and RCS accusing Defendants of racketeering, criminal conduct, money laundering, bribery, extortion and terrorism financing, are without evidentiary support and thus appear to have been "instigated as a gamble that something might come of it rather than on the basis of the facts at hand." See *Johnson v. A.W. Chesterton*, 18 F.3d 1362, 1366 (7th Cir. 1994). "It [is] precisely this reckless willingness to impose the burden of unwarranted litigation upon others which Rule 11 was designed to prevent." *Id.*

Thus, because the Court further finds that reasonable factual and legal inquiries would have prevented this suit from being filed against these eleven defendants, the Defendants are awarded all of their reasonable attorneys' fees they expended in defending this suit. The amount and apportionment of those fees will be determined by separate order.

SO ORDERED.

SIGNED March 17th , 2005

/s/ Jane J. Boyle
JANE J. BOYLE
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SKIDMORE ENERGY, INC.,
et. al.,
Plaintiffs,

v. **CIVIL ACTION**
NO.3: 03-CV-2 138-B

KPMG, et al.
Defendants

ORDER GRANTING DEFENDANTS' REQUEST FOR ATTORNEY'S FEES AND DENYING PLAINTIFFS' OBJECTIONS AND REQUEST FOR RECONSIDERATION

Before the Court are the Defendants' Brief In Support of Award of Attorney's Fees As Rule 11 Sanctions, filed March 30, 2005 Against Plaintiffs Skidmore Energy, Inc., and Geoscience International, Inc., and Their Attorney Gary Sullivan (doc. 312), Plaintiffs' Objections to Defendants' Attorneys Fees and Expenses Claimed as Sanctions ("Objections") (doc. 317), filed April 19, 2005 and the Plaintiffs' Response to Motion for Sanctions and Request for Reconsideration of Apportionment of Sanctions Awarded ("Motion for Reconsideration) (doc. 316) also filed April 19, 2005. For the reasons that follow, the Court GRANTS the Defendants' request for attorneys fees in the amount of $530,667.32, DENIES the Plaintiffs' Motion for Reconsideration, DENIES the Plaintiffs' Objections.

I. Background

As recounted in numerous the Court filings in this case, the Plaintiffs' engaged in an unsuccessful oil and gas exploration venture in Morocco which ultimately resulted in a lawsuit against them in that country. The Plaintiffs subsequently filed the instant lawsuit on September 19, 2003 against twenty-one defendants - almost all foreign citizens, alleging violations of the United States' Sherman Antitrust Act, 15 U5.C. §§ 1-2, and the Racketeer Influenced and Corrupt Organizations Act ("R1CO"), 18 U.S.C. §§ 1961 et seq., as well as claims for breach of fiduciary duty, aiding and abetting breath of fiduciary duty; libel, civil conspiracy, and fraud. [4] All but two of the Defendants responded with motions to dismiss, asserting pleading and jurisdictional defects in the Complaint. The Court granted the Defendants' motions and dismissed all twenty-one Defendants, from the case as set forth below.

All of the nonresident Defendants sued in their individual capacities – Benslimane, Alaoui, Benmoussa, A. Kamel, S. A. Kamel, Menkin and Nackvi – were dismissed for lack of personal jurisdiction on September 3, 2004. The Plaintiffs' claims against Prince Bandar were dismissed for lack of subject matter jurisdiction on December 3, 2004. That same day, the Court dismissed non-resident company Defendants MPE, MFM, Samaha, Dallah, and Mediholding for lack of personal jurisdiction, and also denied the Plaintiffs' motion for antisuit injunction. Finally, on December 28, 2004, the Court dismissed the Plaintiffs' case against Defendants KPMG, Rosetti, Quinn, Faisal, Saudi Aramco, Saoud, Bisk, and the law firm of Crain, Caton, & James, P.C. ("Crain Caton") for failure to state a claim and for lack of subject matter jurisdiction, and also held that the Court lacked personal jurisdiction over Defendants Quinn and Rosetti.

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[4] (See generally Pls' Orig. Compl.)

On August 14, 2005, eleven of the Defendants[5] moved for Rule 11 sanctions against the Plaintiffs and their attorney Gary Sullivan. The Court granted the motion for sanctions against both Plaintiffs and their attorney after a lengthy evidentiary hearing held on February 28,2005. At the close of the hearing, the Court, finding that attorney's fees were justified based on the Rule 11 violation, specifically found that the payment should be apportioned between the Plaintiffs and their counse. Plaintiffs were directed to pay twenty-five percent of the total fee award with their counsel responsible for seventy-five percent. Defendants' attorneys were directed to submit detailed documentation supporting the Defendants' request for attorney's fees which they submitted on March 30,2005. The hearing was followed by a detailed memorandum order entered by the Court on March 18, 2005 (doc. 253). Thereafter, on March 24, the Court granted the Plaintiffs' Emergency Motion for Withdrawal and Substitution of Counsel arid Designation of Lead Counsel (doc. 311). Plaintiffs' new counsel followed up with the above-referenced motions objecting to the requested attorneys fees and seeking reconsideration of the Court's ruling on the fee issue.

II. Analysis

A. Motion for Reconsideration.

In their motion for reconsideration, the Plaintiffs make the somewhat novel request, without citing any relevant authority, that the Court should reconsider the sanctions levied against the parties because Sullivan, their former attorney, was unethical in his management of their case against the Defendants. According to the Plaintiffs, (1) they mistakenly thought they were being represented by competent, ethical counsel (Motion at 14-16,

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5 The eleven defendants included MFM; MPE, A. Kamel, Samaha, Nackvi, Menkin, Mediholding, Benslimane, Alaoui, Bisk and Crain Caton.

20-23), (2) they appeared at the February 28th hearing against the advice of counsel, who told them that the hearing would be postponed in light of their motion to disqualify, (3) Sullivan misused facts supplied to him by the Plaintiffs (Id. at 17; 23-31), and (4) that Sullivan wrongly lead the Plaintiffs to make the statements they made during the hearing (Id. at 17-31). The Defendants, however, object to reconsideration of the Court's sanctions order and urge the Court to award sanctions against the Plaintiffs and their attorney, Mr. Sullivan, jointly and severally, rather than apportion them. (Response at 2).

The Fifth Circuit has clearly held that in filing lawsuits, it is the duty of both the client and his attorney to make a reasonable inquiry in to the Facts behind the allegations. Jennings v. Joshua Indep. Sch. Dist., 948 F.2d 194, 197 (5th Cit. 1997). There is no question that the Court may impose Rule 11 sanctions such as those awarded in this case against either the parties, the attorney, or both. For example, in Jennings, the Fifth Circuit held that the district court could impose joint and several liability for Rule 11 sanctions against a plaintiff and his attorney even though the attorney bore the responsibility for researching and evaluating the law. Id. The Court has previously detailed in its Memorandum Order of March 18, 2005 the ways in which both the Plaintiffs and their attorney failed to conduct a reasonable inquiry into the facts and the law behind the allegations.

In their briefing, the Plaintiffs spend a good deal of time detailing the manner in which Sullivan acted unethically, and perhaps even illegally, in handling their lawsuit against the various Defendants. See generally, (Motion for Reconsideration). Because of this, the Plaintiffs argue, Sullivan should bear the brunt of the responsibility for the Rule 11 sanctions levied against them by the Court. Id. The Defendants, however, insist that the evidence presented at the February 28th hearing demonstrates that the Plaintiffs were active participants in the drafting of the Complaint, and point out that the Plaintiffs are naturally "much

better positioned than the Defendants to bear the risk and responsibility that their former counsel will not be able to bear the expense of his portion of the sanctions award." (Response at 3). The Court agrees.

In its order granting the Defendants' motion for sanctions, the Court set forth at length the reasons supporting the Plaintiffs' irresponsibility as parties to this lawsuit. (March 18, 2005 Order at 7-8). When Michael Gustin testified at the sanctions hearing, he was unable to answer the Defendants' charges that he had sued numerous other individuals with little or no factual or jurisdictional connection to the case. He was also unable to explain the manner in which the central dispute in this case – over his loss of control of MPE – supported the Plaintiffs' accusations of money laundering, organized crime, racketeering, wire and mail fraud, antitrust violations or terrorism financing. Id. Specifically, he stated that the only factual support for the money laundering allegations he had was that he "didn't know where the money [for the Defendants' investment came from..." (Id.; Sanctions Hearing Transcript at 210-11). Gustin was only able to make vague ref èrences to "theft" connection to a company in Florida and to the "9/11 lawsuit" and "the fact that we had so many unknowns about this Liechtenstein corporation and the involvement and Prince Bandar and Dallah Al Baraka" and that "there was no proof of where any of this money ever went" (March 18,2005 Order; Sanctions Hearing Transcript at 211-12). But, as the party bringing the lawsuit, Gustin was, as the Court noted in its Memorandum Order granting an award of sanctions, "entirely unable to articulate a factual nexus between any of the Defendants and verifiable money laundering activity." (March 18, 2005 Order at 8).

Likewise, when the Court questioned Gustin regarding the allegations of organized crime and terrorism financing, Gustin responded that he couldn't tell at the moment, "...other than Gary [Sullivan] had several people in Washington, D.C. helping him do

research." (*Id.*; Sanctions Hearing Transcript at 212-13). Similarly, when the Court asked Gustin why he sued the Defendants' counsel, Crain Caton and attorney Reuven Bisk, Gustin replied that it was just based on the "...the fact that they represented (Gustin's partner in the Moroccan projecti and my company Skidmore Energy which owned the other two companies that have been discussed here today." (March 18,2005 Order; Sanctions Hearing Transcript at 213). Even after being unable to supply the Court with any of the factual bases of the allegations in the Complaint, Gustin told the Court that he was "sure" that he reviewed the pleadings in this case with Sullivan before he filed them. (March 18,2005 Order; Sanctions Hearing Transcript at 216-17). Finally, both John Paul Dejoria and Gustin have admitted that they personally met with Sullivan numerous times and had numerous telephone conversations with him regarding the claims alleged. (DeJoria Dec. at 9; Gustin Dec. at 3).

While the Court is sympathetic with the Plaintiffs' position that their attorney's actions were highly questionable, that does not excuse their responsibility to make a reasonable inquiry into their claims, nor does it shift any burden to the Defendants. The Plaintiffs have cited no authority to support their argument that Sullivan's conduct excused their responsibilities. Although the record is replete with numerous failures by Sullivan, the Court fully considered Sullivan's missteps when apportioning fee award such that Plaintiffs bear responsibility for twenty-five percent of the award and Sullivan seventy-five percent. The Court ruled on the Defendants' motion for sanctions after reviewing over at least twenty motions to dismiss, briefing of both parties regarding the motion for sanctions, and two separate hearings regarding the motion for sanctions. The Plaintiffs have failed to introduce any new evidence or argument warranting a departure from the Court's decision. Therefore, the Plaintiffs' motion for reconsideration of the Court's Rule 11 sanctions award is DENIED. Thus, the only remaining issue is the amount of attorneys fees, which is discussed below.

B. Reasonableness of Attorneys' Fees.

The Plaintiffs ask the Court to reduce the amount of attorneys fees awarded to the Defendants from $530,667.32 (the amount requested) to $43,939.38. (Objections at 24-25). Essentially, the Plaintiffs argue that the obviously deficient nature of their own pleadings should have guided the Defendants to taking what the Defendants characterize as a "cookie cutter" approach to defending the claims against their clients (Def. Resp. at 2) seeking an alleged $3,000,000.00 in damages. See generally, (Objections). In this complex civil litigation case, representing eleven mostly foreign clients, Plaintiffs basically claim that the Defendants' counsel was unreasonable for providing independent representation to their clients. *See generally*, (Objections).

Federal courts in this circuit use the lodestar method for determining the amount of reasonable attorney's fees. *Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 323-24 (5th Cir. 1995). The lodestar fee, which has been characterized as "the most useful starting point" in determining a reasonable fee award, is calculated by multiplying the number of hours reasonably expended on the litigation by a reasonable hourly rate. See *Hensley v. Eckerhan*, 461 U.S. 424, 433 (1983). The court may then either accept or adjust the lodestar fee depending on the circumstances of the case based on the factors set forth in *Johnson v. Georgia Hwy. Express, Inc.*, 488 F.2d 714 (5th Cir. 1974).[6] *See, Wegner v. Standard Ins. Co.*, 129 F.3d 814, 822 (5th Cir. 1997); *Johnson*, 488 F.2d at 717-19. The lodestar is

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[6] The Johnson factors are: (1) the time and labor required; (2) the novelty and difficulty of the case; (3) the skill required; (4) the preclusion of other employment; (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time limitations imposed (8) the results obtained; (9) the experience, reputation and ability of the attorneys; (10) the undesirability of the case; (11) the nature and length of the professional relationship with the client; and (12) awards in similar cases. Johnson, 488 F.2d at 717-19.

presumptively reasonable, however, and should be modified only in exceptional cases. *Watkins v. Fordice*, 7 F.3d 453, 457 (5th Cir. 1993)(citing *City of Burlington v. Dague*, 505 US. 557, 562 (1992)).

The Defendants' motion seeks reimbursement of $530,667.32 in fees paid to twelve different attorneys and four paralegals at the law firm of Crain Caton, as well as to local counsel Jennifer Jamison. (Motion for Attorneys Fees at 2). The attorneys worked at hourly rates ranging from $350.00 down to $160 and the paralegals at $105.00 down to $65.00, representing eleven different Defendants in the case in chief as well as the motion for sanctions. (*Id.*). As noted previously, nine of the eleven Defendants are foreign residents, located in different countries, including Saudi Arabia, Morocco, Liechtenstein and England. (Defendants' App. at 9). The fees requested by the Defendants' counsel have been separated into (1) fees incurred in response to the Plaintiffs' Complaint ($403,234.81), comprised of $353,030 in fees and $50,204.81 in costs, and (2) fees incurred in pursuing the motion for sanctions ($127,432.51), comprised of $118,467.50 in fees and $8,965.01 in costs. (Def. App. at 10; Exh. 2,6, 11 & 12).[7] Because the Plaintiffs do not dispute the reasonableness of the Defendants' counsel's billing rates, the Court will apply these rates to the number of hours reasonably expended to calculate the lodestar fee.

The Plaintiffs do dispute, however, the number of hours the Defendants' attorneys reasonably claim that they expended on this litigation. Specifically, The Plaintiff~ maintain that the fee award should be signiflcantly reduced because (1) Crain Caton did not make a reasonable approach to defense of this lawsuit, but instead elected to take a course of unnecessary action that

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Notably, the Plaintiffs paid their own counsel a total of $627,402.75 in attorneys' fees and expenses to prosecute this action.

generated completely unnecessary fees and expenses" (Objections at 7), (2) Crain Caton engaged in unnecessary investigation and legal research, (3) Crain Caton charged unnecessary fees with respect to their motion for sanctions, and (4) Crain Caton charged for unreasonable travel expenses; and photocopy/duplicating expenses.[8] The Court will address these contentions in turn.

1. Inadequate Documentation and Unnecessary Fees and Expenses.

Crain Caton's fee request covers 1273.75 hours of attorney labor and 43.25 hours of paralegal labor. The Defendants bear the burden of proving that the hours claimed were "reasonably expended on the litigation." *See, Alberti v. Klevenhagen*, 896 F.2d 927, 933-34, *modified in part on other grounds*, 903 F.3d 352 (5th cir. 1990) (on rehearing); *See also, Hensley*, 461 U.S. at 434 ("The district court also should exclude from this initial fee calculation hours that were not 'reasonably expended.'"). "In determining the amount of an attorney fee award, courts customarily require the applicant to produce contemporaneous billing records or other sufficient documentation so that the district court can fulflll its duty to examine the application for noncoinpensable hours." *Bode v. United States*, 919 F.2d 1044, 1047 (5th Cir. 1990); *See, e.g. Kellestrom*, 50 F.3d at 325-26 (reducing fee award by ten percent where challenged billing records did not provide the court with sufficient information to determine whether all of the amounts requested were reasonably expended on this litigation."). "[T]he documentation must be

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[8] The Plaintiffs also object to Defendants' counsel's monitoring of the docket and review of other Defendants' pleadings, specifically mentioning Prince Bandar's Motion to Dismiss for Lack of Subject Matter Jurisdiction on the basis of diplomatic immunity. (Motion at .3). The Court dismisses this argument, Which would call for counsel to Ignore the pleadings and rulings of matters potentially involving the Defendants' clients, especially in light of the Plaintiffs' far-flung conspiracy allegations.

sufficient for the court to verify that the applicant has met its burden." *Kellestrom*, 50 F.3d at 324. Where the party seeking attorney's fees has failed to present adequately documented time records, the court may "exclude all time that is ... inadequately documented." *Watkins*, 7 F3d at 457. Without sufficient documentation, the court will reduce the number of hours awarded or deny the fee application in its entirety. *Kellestrom*, 50 F.3d at 324, 326.

The Piaintiffs first claim that Crain Caton billed their clients for unreasonable investigation and research. (Objections at 7). The Plaintiffs make the incredible argument that the Defendants should have known upon reviewing the Plaintifs' claims that they were untenable and lacked legal and jurisdictional basis and that they needlessly expended effort researching those issues for each of their clients. See, e.g. (Objections at 17). In their brief, the Plaintiffs make such comments as "the responses, briefs in support thereof: and appendices filed by the Plaintiffs to the eleven Defendants' motions to dismiss were so incompetent at raising any defense whatsoever, that there was really no necessity for the filing [of] (sic) any replies, briefs and further appendices." (*Id.*). The documents attached in support of the Defendants' motion, however, clearly indicate the nature and type of work performed or and detail how the hours were spent on particular aspects of the case. The Defendants were also representing eleven individual clients as Defendants. The Court, being intimately familiar with the progression of this litigation, finds that the Defendants' attorneys have reasonably expended a significant number of hours working on this case. This was a complex case flied against twenty one mostly foreign defendants alleging the most serious of allegations. Although none of the claims proceeded to trial, the motions to dismiss and the motion for sanctions occupied an extraordinary amount of this Court's and the parties' attention. Additionally, the Court has mentioned the vast array of claims asserted in this case. Motions to dismiss were filed by each of the

eleven Defendants bringing the sanctions motion, as well eight other defendants, requiring the resolution of some relatively simple issues but also more complex issues involving the RICO statutes. Even a cursory review of the docket sheet evidences the substantial amount of time spent by the Defendants' attorneys.[9]

2. **Unnecessary Expenses in Filing the Motion for Sanctions.**

The Plaintiffs' next complain that the Defendants' attorneys charged unnecessary expenses in filing the motion for sanctions. The Court finds, however, that the Defendants' fees were reasonable given the fact that there were eleven different defendants moving for sanctions who each had different degrees of involvement with the central dispute and who each had to separately address the complex legal theories involved in the case and the factual bases, or more importantly, lack thereof, for the Plaintiffs' allegations. Moreover, the Motion for Sanctions was filed on August 16, 2004, more than six months before the final sanctions hearing. The Plaintiffs could have, at any time,

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[9] The Plaintiffs also seek to omit any fees billed before each Defendant was served. (Objections at 6-7). The Court disagrees. The Defendants are not precluded from being reimbursed for some fees merely because they were incurred prior to actual service of process of a lawsuit in which they were named. See, Williamson v. Tucker, 615 S.W.2d 881, 893 (Tex. App. – Dallas 1981, writ ref'd n.r.e.) (holding that the plaintiff's employment of counsel was a reasonable means of protecting his right to collect a note, thus enabling plaintiff to recover pre-petition fees). The Plaintiffs' seek to bolster this claim because MPE, the only client charged the full amount of fees by the Defendants, was the ninth party served. (Objections at 7). The Court is unpersuaded. As explained in the Declarations attached to the Defendants' Motion for Fees, the eleven Defendants seeking sanctions were represented by the same lawyers. (See Lederer Dec.). The fact that some billing statements were simply addressed to MPE in no way suggests that no work was performed on the other Defendants' behalf. The Court finds that the Defendants' award should not be further reduced on this basis.

re-pleaded their claims or dismissed the unsupported allegations in light of the accusations levied in the sanctions motion.

3. Improper Expenses for Travel and Duplication.

Finally, the Plaintiffs complain that the Defendants charged unreasonable expenses for travel and duplication. Regarding the duplication expenses of $6,607.31, the Defendants' counsel represented eleven separate defendants in a complex case involving twenty one Defendants who were accused, among other things, of conspiracy charges. The Court finds the Plaintiffs' argument that the Defendants were unreasonable in sending the 15,182 pages out for duplication rather than occupying its in-house resources untenable.

As for the travel expenses, the Defendants only claim $2,206.34 in travel expenses in representing these eleven defendants, most of whom do not reside in the United States. The Court likewise finds untenable the Plaintiffs' apparent position that it was unreasonable for the Defendants to ever meet with their overseas clients. (Objections at 20-22; *cf* Def. Resp. at 7). The Court will not reduce the awarded fees on this basis.

B. Lodestar Calculation.

Having addressed the Plaintiff? objections to the reasonableness of the Defendants' fee request, and after making the appropriate adjustments as outlined above, the Court calculates the lodestar fee as follows[10]:

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[10] This information is contained in the Defendants' Appendix at Tabs 1 and 2.

Attorney	Hours	Average Billing Rate/Hour	Total Fee
Christopher Prine	20.25	$281.60	$ 5,702.50
Carolyn Russell	106.25	$210.92	$ 22,410.00
C. Henry Kollenberg	5.50	$300.00	$ 1,650.00
C. Vance Christopher	6.75	$322.78	$ 2,178.75
Emily T. Whittenburg	.25	$210.00	$ 52.50
George W. Lederer	537.40	$298.21	$160,259.25
Jonathan Bickham	27.50	$275.36	$ 7,572.50
Nicole B. Davis	8.75	$185.00	$ 1,618.75
Peter C. Smart	16.50	$225.00	$ 3,71250
Reuven M. Bisk	396.50	$286.10	$113,437.30
Scott M. Elliot	20.75	$175.00	$ 3,631.25
Todd Ramey	127.35	$209.79	$ 26,717.00
Subtotal	1273.75		$348,942.50
Paralegal			
Brinson Coffinan	39.00	$ 97.18	$ 3,790.00
Pool Paralegals	4.25	$ 70.00	$ 297.50
Subtotal	43.25		$ 4,08750
TOTAL LODESTAR FEE			**$353,030.00**

Sanctions

Attorney	Hours	Average Billing Rate/Hour	Total Fee
Christopher Prine	28.75	$290.00	$ 8,337.50
Carolyn Russell	33.65	$215.45	$ 7,250.00
C. Henry Kollenberg	.30	$300.00	$ 90.00
C. Vance Christopher	9.25	$337.98	$ 3,126.25
George W. Lederer	155.75	$306.10	$ 47,490.75
Peter C. Smart	2.50	$250.00	$ 625.00
Reuven M. Bisk	131.85	$304.85	$ 40,194.75
Scott M. Elliot	.50	$175.00	$ 87.50
Todd Ramey	47.35	$219.68	$ 10,402.00
Subtotal	409.30		$117,603.75
Paralegal			
Brinson Coffman	7.25	$104.66	$ 758.75
Pool Paralegals	1.50	$ 70.00	$ 105.00
Subtotal	418.05		$ 863.75
TOTAL LODESTAR FEE			**$118,467.50**

Keeping in mind that the lodestar is presumptively reasonable, the Court now turns to examine the remaining Johnson factors to determine whether the lodestar should be adjusted.

C. Should the Lodestar & Adjusted Based on the Johnson Factors?

The Fifth Circuit has stated that Johnson Factors one and seven are included in the lodestar calculation and should not be analyzed again in deciding whether to adjust the lodestar. *Walker v. U.S. Dep't of Hous. and Urban Dev.*, 99 F.3d 761, 771-72 (5th Cir. 1996). With respect to some of the other factors, the Circuit further explained:

> The Supreme Court has limited greatly the use of the second, third, eighth, and ninth factors, and we have held that enhancements based upon these factors are only appropriate in rare cases supported by specific evidence in the record and detailed findings by the courts... An enhancement based on the eighth factor is appropriate only when the fee applicant can demonstrate that it is customary in the area for attorneys to charge an additional fee above their hourly rates for an exceptional result... The Supreme Court has barred any use of the sixth factor.

Applying the *Johnson* factors to this case, the Court finds that the lodestar fee should not be adjusted. Factors 1 and 7 are included in the lodestar calculation and will not be considered again in dedding whether to adjust the lodestar. *See, Id.* Likewise, factor 8 – the amount involved and the results obtained has been discussed In addressing the amount of damages claimed and the ultimate dismissal of the Plaintiffs' case against all eleven moving Defendants. Factors 2,3, and 9 do not warrant an adjustment. The

complexity of this case along with the attorneys' skill, experience, and reputation are not sufficiently unusual to equate this dispute with those "rare cases supported by specific evidence." *Id.*

As to factor 6, the Supreme Court has barred its use to enhance a fee award, but even considering it in this case, the Court finds it insufficient to warrant an adjustment. Factor 4 provides no basis for a fee adjustment because there is no evidence offered by the Defendants that their attorneys were precluded from taking other work to litigate this case. Likewise, factors 5 and 11 do not justify an enhancement. The Defendants' attorneys' hourly fees are not disputed, and they appear in be comparable fees for representation of similar quality in this area. As for Factor 10, while this Court has noted the extreme undesirability of this lawsuit, it does not find this factor alone sufficient to warrant an adjustment to the lodestar. And finally, Factor 12 – the awards made in similar cases – provides no reason to adjust the award in this case.

In summary, the Court finds that a consideration of the Johnson factors provides no basis for either increasing or decreasing the lodestar fee award in this case. Accordingly, the Defendants' motion to recover attorney's fees is GRANTED in the amount of $$530,667.32.

III. Conclusion

For the foregoing reasons, this Court DENIES the Plaintiffs' motion for reconsideration of its memorandum order of March 18, 2005 awarding Rule 11 sanctions against them and their attorney, Gary Sullivan. The Court likewise DENIES the Plaintiffs' Objections to the Defendants' attorneys fees and expense, and GRANTS the Defendants' Motion to Recover Attorney's Fees And Costs. The Defendants are awarded $530,667.32 as reimbursement for fees reasonably expended, and apportions liability between the Plaintiffs (25%) and their former

attorney, Gary Sullivan (75%). It is further ORDERED that this sum be paid within 30 days of the date of this order.

SO ORDERED,
May 18th, 2005.

/S/
JANE J. BOYLE
UNITED STATES DISTRICT JUDGE

Rule 11. Signing of Pleadings, Motions, and Other Papers; Representations to Court; Sanctions

(a) **Signature**. Every pleading, written motion, and other paper shall be signed by at least one attorney of record in the attorney's individual name, or, if the party is not represented by an attorney, shall be signed by the party. Each paper shall state the signer's address and telephone number, if any. Except when otherwise specifically provided by rule or statute, pleadings need not be verified or accompanied by affidavit. An unsigned paper shall be stricken unless omission of the signature is corrected promptly after being called to the attention of the attorney or party.

(b) **Representations to Court**. By presenting to the court (whether by signing, filing, submitting, or later advocating) a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,--

(1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;

(2) the claims, defenses, and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

(c) **Sanctions**. If, after notice and a reasonable opportunity to respond, the court determines that subdivision (b) has been violated, the court may, subject to the conditions stated below, impose an appropriate sanction upon the attorneys, law firms, or parties that have violated subdivision (b) or are responsible for the violation.

(1) How Initiated.

(A) By Motion. A motion for sanctions under this rule shall be made separately from other motions or requests and shall describe the specific conduct alleged to violate subdivision (b). It shall be served as provided in Rule 5, but shall not be filed with or presented to the court unless, within 21 days after service of the motion (or such other period as the court may prescribe), the challenged paper, claim, defense, contention, allegation, or denial is not withdrawn or appropriately corrected. If warranted, the court may award to the party prevailing on the motion the reasonable expenses and attorney's fees incurred in presenting or opposing the motion. Absent exceptional circumstances, a law firm shall be held jointly responsible for violations committed by its partners, associates, and employees.

(B) On Court's Initiative. On its own initiative, the court may enter an order describing the specific conduct that appears to violate subdivision (b) and directing an attorney, law firm, or party to show cause why it has not violated subdivision (b) with respect thereto.

(2) Nature of Sanction; Limitations. A sanction imposed for violation of this rule shall be limited to what is sufficient to deter repetition of such conduct or comparable conduct by others similarly situated. Subject to the limitations in subparagraphs (A) and (B), the sanction may consist of, or include, directives of a nonmonetary nature, an order to pay a penalty into court, or, if imposed on motion and warranted for effective deterrence, an order directing payment to the movant of some or all of the reasonable attorneys' fees and other expenses incurred as a direct result of the violation.

(A) Monetary sanctions may not be awarded against a represented party for a violation of subdivision (b)(2).

(B) Monetary sanctions may not be awarded on the court's initiative unless the court issues its order to show cause before a voluntary dismissal or settlement of the claims made by or against the party which is, or whose attorneys are, to be sanctioned.

(3) Order. When imposing sanctions, the court shall describe the conduct determined to constitute a violation of this rule and explain the basis for the sanction imposed.

(d) **Inapplicability to Discovery**. Subdivisions (a) through (c) of this rule do not apply to disclosures and discovery requests, responses, objections, and motions that are subject to the provisions of Rules 26 through 37.

Fees Related to Abdu Saoud

Date	Attny	Description of Services	Hours	Amount
12/4/03	RMB	Telephone conference with Abdu Saoud.	0.25	68.75
1/5/04	GWL	Conference with R. Bisk regarding Abdu Saoud; attention to claims.	1.00	300.00
1/5/04	TR	Review newswires. Office conference with Reuven Bisk regarding Abdu Saoud. Office conference with Carolyn Russell regarding MPE timeline.	0.75	150.00
1/5/04	RMB	Office conference with George Lederer _____ Telephone conference with Abdu Saoud. Draft and transmit memo as to same.	3.00	855.00

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2/4/04	RMB	Telephone conference with Abdu Saoud regarding potentially being served. Two telephone conferences with Richard Cantin. Office conference with Carolyn Russell. Two office conferences with Brinson Coffman.	1.50	427.50
2/4/04	CAR	Confer with Reuven Bisk regarding service on Abdu Saoud and research whether such service was proper.	3.00	660.00
2/5/04	RMB	Two telephone conferences with Abdu Saoud discussing need to speak with Shezi and case handling. Review fax on MOU. Forward to Shezi and Richard. Office conference with Carolyn Russell. Office conference with George Lederer regarding motion for service by publication. Telephone conference with Richard Menkin to go over his statement.	2.00	570.00
2/9/04	RMB	Telephone conference with Abdu Saoud. Review and transmit State Department response.	1.50	427.50

2/10/04	RMB	E-mail to Nancy Dutton on her prepared letter on service by publication. Telephone conference with Shezi Nackvi. Two telephone conferences with Abdu Saoud. Two office conferences with Carolyn Russell. Office conference with Vance Christopher, George Lederer and Henry Kollenberg regarding forming litigation team.	4.00	1,140.00
2/18/04	RMB	Telephone conference with Richard Menkin regarding developments and answers. Review and modify Menkin's motion to dismiss. Telephone conference with Tim Perkins of Smith, Underwood regarding Abdu Saoud's representation. Again modify Menkin's declaration. Review service issues with Todd Ramey.	5.00	1,425.00
2/23/04	GWL	Receive and review Quinn and Rosetti Reply Briefs; receive Saoud Motion.-	3.00	900.00

2/25/04	RMB	Telephone conference with Allyson Dobbs. Telephone conference with Dutton & Dutton, Nancy and Susan. Office conference with George Lederer, Jim McOuirre, and Tim McCarthy of White & Case _____ Review and respond to their inquiries from Tim Perkins and Abdu Saoud.	3.00	855.00
2/25/04	RMB	Telephone conference with Abdu Saoud telling him to contact me henceforth through Tim Perkins.	0.25	71.25
2/26/04	GWL	Letter from Perkins with Saoud order; draft and file Certificate of Interested Persons for Mr. Menkin; attention to joint defense issues.	1.75	525.00
2/27/04	TR	Review court filing. Office conference with George Lederer regarding KPMG audit. Review newswires. Office conferences with Reuven Bisk and George Lederer regarding MOUs and Mr. Saoud.	1.75	385.00

2/29/04	TR	Organize share ledger binders and meroanda of understanding for review by George Lederer. Include new agreements with Abdu Saoud. Leave notes regarding binders, _____.	0.50	110.00
3/1/04	TR	Review court filings. Office conferences with Reuven Bisk and George Lederer. Note correct website citation missed by KFMG counsel. Conference with Jonathan Bickham regarding translation of Abdu Saoud stock power.	1.00	220.00
3/1/04	GWL	Receive message from Ms. Nancy Dutton; attention to Memorandum of Understanding entered into by Mr. Abdu Saoud; review Reply from KPMG to Plaintiffs' Response.	1.00	300.00
3/2/04	GWL	Attention to letter from Ms. Dutton; drafting Joint Defense Agreement with Mr. Saoud; drafting agreement to share costs with Mr. Saoud; review cases regarding choice of law.	5.25	1,575.00

3/3/04	GWL	Revisions to Saoud Joint Defense Agreement and Cost Sharing Agreement; meeting _____ _____	3.25	975.00
3/3/04	RMB	Telephone conference with Richard Menkin _____. Office conference with ____ _____. Review _____engagement letter and modify. Review letter agreement and joint defense agreement with Saoud, modify and transmit. Review and approve Godwin Gruber bill. Organize file.	4.00	1,140.00
3/8/04	TR	Review court filings for Abdu Saoud.	0.25	55.00
3/8/04	GWL	_____ receive Saoud pleadings.	0.75	225.00
3/18/04	RMB	Review analyze and respond to Richard Menkin's e-mail on Abdu Saoud.	2.50	712.50
3/29/04	GWL	Receive Plaintiffs' Response to Saoud pleadings; receive filed copy of Menkin pleadings.	2.00	600.00
4/16/04	RMB	Teleconference with Tim Perkins, attorney for Abdu Saoud; email Richard and Shezi with suggestions.	0.50	142.50

10/26/04	RMB	Telephone conference with Tom Perkins on Abdu Saoud.	0.25	75.00
9/23/03	RMB	Telephone conference with Tim Perkins. Telephone conference with George Lederer. Draft memorandum regarding proper response to Federal Petition.	7.00	1,925.00
9/29/03	RMB	Telephone conference with Richard Menkin. Telephone conference with Tim Perkins, Dallas counsel. Modify and transmit courtesy letter to all co-defendants.	7.50	2,062.50
2/18/04	RMB	Telephone conference with Richard Menkin regarding developments and answers. Review and modify Menkin's motion to dismiss. Telephone conference with Tim Perkins of Smith, Underwood regarding Abdu Saoud's representation. Again modify Menkin's declaration. Review service issues with Todd Ramey.	5.00	1,425.00

2/25/04	RMB	Telephone conference with Allyson Dobbs. Telephone conference with Dutton & Dutton, Nancy and Susan. Office conference with George Lederer, Jim McOuirre, and Tim McCarthy of White & Case _____ _____ Review and respond to their inquiries from Tim Perkins and Abdu Saoud.	3.00	855.00
2/25/04	RMB	Telephone conference with Abdu Saoud telling him to contact me henceforth through Tim Perkins.	0.25	71.25
2/26/04	GWL	Letter from Perkins with Saoud order; draft and file Certificate of Interested Persons for Mr. Menkin; attention to joint defense issues.	1.75	525.00
4/16/04	RMB	Teleconference with Tim Perkins, attorney for Abdu Saoud; email Richard and Shezi with suggestions.	0.50	142.50
7/23/04	CVC	Phone calls to Tim Perkins; attn to correspondence to plaintiff re: direct contact with parties; attn to response to anti-suit injunction.	1.50	487.50
7/23/04	TR	Review newswires. Office conference with Vance Christopher. Telephone call to Tim Perkins.	1.00	220.00

9/10/04	GWL	Receive Memorandum Order from Judge Boyle; telephone conference with Mr. Perkins, attorney for Mr. Saud review report to MFM; meeting with Mr. Bisk; work on Sur-Reply.	5.00	1,500.00
10/26/04	RMB	Telephone conference with Tom Perkins on Abdu Saoud.	0.25	75.00
11/3/04	RMB	Correspondence and email to Tim Perkins. Telephone conference with _____. Begin draft of update letter. _____ _____.	4.25	1,275.00
11/16/04	RMB	Telephone conference with Richard Menkin on expert. Email suggested response to Tim Perkins to Shezi. Receipt and review of appeals notice. Office conference with Carol Ditta.	1.25	375.00
3/4/05	GWL	Email from Mr. Perkins, Saud's attorney; attention to documenting attorney's fee claim.	0.70	220.50
3/11/05	GWL	Letter from Perkins.	0.20	63.00
		TOTAL	**92.15**	**$26,112.25**

Fees Relating to Bandar Bin Sultan

Date	Attny	Description of Services	Hours	Amount
1/9/04	GWL	Receive new pleadings from KPMG; drafting letter to insurance carrier; receive notice of Default Judgment v. Bandar.	3.25	975.00
1/9/04	RMB	Office conference with Brinson Coffman and George Lederer regarding Prince Bandar and regarding potential default judgment. Telephone conference with Richard Menkin. Begin drafting memo for motion to dismiss.	3.00	855.00
1/14/04	TR	Research _____. Research Dutton & Dutton law firm representing Prince Bander bin Sultan. Review newswires.	1.75	350.00

1/14/04	RMB	Locate, make contact with, and transmit information to Dutton & Dutton. Telephone conference with Nancy Dutton. Prepare and e-mail data on lawsuit status to Prince's attorneys.	2.50	712.50
2/6/04	RMB	Receipt and review of order granting ability to serve by publication. Office conference with George Lederer and Carolyn Russell as to same. Analyze, draft and transmit correspondence to Shezi Nackvi and Richard Menkin. Office conference with Dutton & Dutton, Nancy Dutton over proper handling.	3.50	997.50
2/10/04	RMB	E-mail to Nancy Dutton on her prepared letter on service by publication. Telephone conference with Shezi Nackvi. Two telephone conferences with Abdu Saoud. Two office conferences with Carolyn Russell. Office conference with Vance Christopher, George Lederer and Henry Kollenberg regarding forming litigation team.	4.00	1,140.00

2/11/04	GWL	Telephone conference with local Dallas counsel regarding filing reply brief to plaintiffs' response; receive notice of appearance for Prince Bandar; drafting motion to dismiss for Menkin.	4.75	1,425.00
2/12/04	RMB	Telephone conference with Hughes & Luce, Bob Davis regarding representing Prince Bandar. Telephone conference with Susan Kincaid of Nancy Dutton's office. Modify Motion on behalf of Richard Menkin. Review Skidmore pleadings against all defendants	6.00	1,710.00
2/12/04	RMB	Telephone conference with Hughes & Luce, Bob Davis regarding representing Prince Bandar. Telephone conference with Susan Kincaid of Nancy Dutton's office. Modify Motion on behalf of Richard Menkin. Review Skidmore pleadings against all defendants	6.00	1,710.00

2/16/04	RMB	Review declaration changes of Richard Menkin. Telephone conference with Steve Benz, Esquire for Prince Bandar. Begin memorandum to Litigators on lack of sufficient pleading from a logical perspective.	5.00	1,425.00
2/17/04	RMB	Telephone conference with Nancy Dutton. Telephone conference with Richard Menkin. Office conference _____ _____. Complete memorandum on previous filings. Redraft declaration of Richard and transmit.	9.00	2,565.00
2/24/04	RMB	Telephone conference with Steve Benz _____ _____	0.25	71.25

2/25/04	RMB	Telephone conference with Allyson Dobbs. Telephone conference with Dutton & Dutton, Nancy and Susan. Office conference with George Lederer, Jim McOuirre, and Tim McCarthy of White & Case _____ _____ Review and respond to their inquiries from Tim Perkins and Abdu Saoud.	3.00	855.00
2/27/04	RMB	Review letter to Judge regarding service by publication from Nancy Dutton. Office conference with George regarding Abdu.	1.00	285.00
3/1/04	GWL	Receive message from Ms. Nancy Dutton; attention to Memorandum of Understanding entered into by Mr. Abdu Saoud; review Reply from KPMG to Plaintiffs' Response.	1.00	300.00
3/2/04	GWL	Attention to letter from Ms. Dutton; drafting Joint Defense Agreement with Mr. Saoud; drafting agreement to share costs with Mr. Saoud; review cases regarding choice of law.	5.25	1,575.00

3/2/04	RMB	Telephone conference with Richard Menkin. Telephone conference with Nancy Dutton. Telephone conference with _____ _____ _____ Telephone conference with _____ _____ Draft update letter on service and counsel assignments.	6.00	1,710.00
3/16/04	GWL	Receive and review various pleadings filed on behalf of Prince Bandar; attention to issue of personal jurisdiction regarding Menkin Reply.	6.00	1,800.00
3/16/04	RMB	Review Michael Knox's engagement letter. Receipt and review, Prince Bandar's motion to dismiss.	1.50	427.50
3/17/04	GWL	Receive Judge Fish's order unfiling Bandar motions; work on personal jurisdiction issue for Mr. Menkin.	5.00	1,500.00
4/13/04	GWL	Telephone conference with local counsel; attention to pleadings filed by plaintiffs in response to Prince Bandar's Motion to Dismiss.	1.75	525.00

4/28/04	GWL	Attention to allegations against Abdullah Kamel; work on pleadings for Abdullah Kamel; review new pleadings regarding Prince Bandar, receive Plaintiffs' Responses to Samaha and Nackvi Motions.	7.00	2,100.00
4/28/04	RMB	Review motions to dismiss responses to Shezi and Samaha; review response and supplement for motion to dismiss for Bandar.	1.50	427.50
6/10/04	RMB	Modify Checklist; review objection to Bandar's immunity argument by Skidmore; e-mail updates to Shezi Nackvi and Richard Menkin.	1.25	375.00
6/17/04	RMB	Office conference with George Lederer; review Azzedine Benmoussa reply; office conference with Nikki Davis over expansive reading of Rule 4 exclusion.	1.50	450.00
6/23/04	TR	Review newswires. Office conference with Nicole Davis regarding service in Morocco and other issues.	0.75	165.00

7/21/04	TR	Review newswires. Make final modifications to letters for co-defendants and counsel. Send letters to counsel with message. Instructions to Jamie Cheek to send co-defendant letters and attachment; Review correspondence from Nancy Dutton and obtain information _____ _____ _____.	4.00	880.00
12/6/04	GWL	Attention to Order Dismissing Prince Bandar.	0.50	157.50
		TOTAL	**96.00**	**$ 27,468.75**

Fees Related to S. Kamel & Dallah Al Baraka

Date	Attny	Description of Services	Hours	Amount
3/11/04	RMB	Two telephone conferences with Mr. Michael Knox. Check out _____ _____alternative. Telephone conference _____. Review response to Richard Menkin's Motion to Dismiss. Office conference with George Lederer.	2.75	783.75
3/13/04	GWL	Telephone conference with Mr. Knox concerning facts of case.	0.25	75.00
3/15/04	RMB	Telephone conference with Michael Knox on engagement.	0.25	71.25
3/16/04	RMB	Review Michael Knox's engagement letter. Receipt and review, Prince Bandar's motion to dismiss.	1.50	427.50
3/17/04	RMB	Review Knox engagement letter and approve.	0.50	142.50

3/18/04	RMB	Telephone conference with _____ telephone conference with Michael Knox.	0.50	142.50
4/8/04	RM	eTeleconferences with Michael Knox, George Lederer and Richard Menkin over corrections to Declaration of Jurisdiction. Modify, review, modify and transmit motions to dismiss for Samaha and Shezi.	4.25	1,211.25
4/14/04	GWL	Telephone conference with Mr. Knox regarding facts of case; conference with Mr. Bisk regarding service of Complaint upon MFM, other issues.	2.75	825.00
4/14/04	RMB	Teleconferences with Richard Menkin and Michael Knox; email Richard Menkin; office conference with George Lederer to debrief on meeting in London and calendaring of remaining actions.	1.50	427.50
4/23/04	CAR	Meet with Reuven Bisk and research for response to Mike Knox's email inquiry regarding competing methods of service.	0.75	165.00

4/23/04	RMB	Review truncated affidavit of Abdullah; teleconference with Richard Menkin; review service date issue for Saudis with Knox; office conference with George Lederer; email Richard request for documentation from ONAREP; office conference with Carolyn Russell regarding proper date of service for Saudis; office conference with Todd Ramey regarding service package of DeJoria being to us by mistake; review package.	3.25	926.25
4/27/04	RMB	Telephone conference with Mike Knox; _____ _____ _____ office conference with Richard Menkin; review correspondence.	1.50	427.50
4/29/04	GWL	Telephone conference with local counsel regarding filings for Abdullah Kamel; work on 12(b)(1) motion; telephone conference with Mr. Knox regarding Den Norske case.	7.00	2,100.00

4/30/04	RMB	Teleconferences with Richard Menkin and Michael Knox; verify proper date of filing on Monday; Begin affidavits for Mediholdings.	3.25	926.25
5/4/04	RMB	Complete and transmit affidavits for 5 defendants on Jurisdiction; office conference with Carolyn Russel on conflict letters; redraft Joint Defense Agreement with Knox; telephone conference with Richard Menkin.	3.75	- 1,125.00
5/4/04	RMB	Begin reviewing Knox's final response for Dallah and Saleh (after filing).	0.75	225.00
5/17/04	GWL	Telephone conference with Mr. Knox regarding various issues; - attention to answer date.	0.80	240.00
5/20/04	RMB	Draft Joint Defense Agreement and transmit. Review and respond to Knox correspondence.	2.00	600.00
5/21/04	RMB	Telephone conference with Shezi Nackvi; Telephone conference with Allison Dodds; Redraft correspondence for Allison to Knox; Redraft and transmit Joint Defense Agreement and Dodd's letters to Knox; Office conference with Carolyn Russell; Telephone conference with Mike Knox.	2.50	750.00

5/23/04	RMB	Review Knox and Allison's correspndence and forward comments on to Shezi and Richard.	0.50	150.00
5/24/04	GWL	Telephone call with local counsel in Dallas regarding filing of original Declarations of witnesses; email from Mr. Knox; attention to Joint Defense Agreement.	1.50	450.00
6/3/04	RMB	Telephone conference with Richard Menkin; transmit responses to Mediholding, Nackvi, MFN, etc.; telephone conference with John Knox.	2.50	750.00
6/3/04	GWL	Conference, telephone conference with Mr. Knox regarding Joint Defense Agreement; conference with Mr. Bisk.	1.25	375.00
6/4/04	RMB	Telephone conference with Mike Knox on need to complete reply.	0.25	75.00
6/7/04	RMB	Review Abdullah's reply and revise memo; e-mail memo to Shezi Nackvi and Mike Knox.	2.25	675.00
7/13/04	GWL	Telephone conference with Mr. Knox regarding proposed joint defense agreement and related issue.	0.50	150.00
7/13/04	RMB	Office conference with George Lederer on withdrawal of Knox.	0.25	75.00

7/26/04	GWL	Telephone conference with local counsel; email from Knox; review Plaintiffs' Motion for Anti-Suit	2.25	675.00
12/3/04	GWL	Telephone conference with Mr. Knox.	0.25	78.75
12/10/04	RMB	Telephone conference with Richard Menkin. Review Knox e-mail and telephone calls.	0.50	157.50
12/15/04	GWL	Telephone conference with Mr. Knox; email to Mr. Bisk.	0.30	94.50
1/10/05	GWL	Telephone conference with Mr. Knox regarding substitution of counsel.	0.30	94.50
1/11/05	CAP	Telephone conference with Knox regarding need for new counsel for Saleh Kamnel.	0.50	145.00
		TOTAL	**52.90**	**$ 15,536.50**

Fees Related to Libel/Slander/Defamation

Date	Attny	Description of Services	Hours	Amount
9/23/03	CAR	Research and prepare memo regarding joint defense issues, possible siander/libel claims and pleading defects; meet with Reuven Bisk and Henry Kollenberg.	7.75	1,550.00
10/22/03	RMB	Concise response for Libel and Slander memo. Transmit memorandum regarding Statement of Facts.	1.50	412.50
10/23/03	RMB	.... . Office conference with Jonathan Bickham regarding libel issue and possible case. Respond to handling _____.	0.25	68.75
10/28/03	RMB	Office conference with Jonathan Bickham regarding Libel/Slander. Office conference with Todd Ramey regarding service of process in Saudi Arabia, Great Britain and Liechtenstein.	0.75	206.50

10/30/03	RMB	Telephone conference with Rchard Cantin, Shezi Nackvi nd Richard Menkin. Office conference with Peter Smart regarding libel and slander memorandum.	1.00	275.00
11/11/03	RMB	Office conference with Peter Smart regarding libel/slander positioning. Office conference with George Sederer, Henry Kollenberg regarding same. Modify Peter's memo draft analyze issues cover letter.	5.50	1,512.50
11/12/03	RMB	Complete and transmit slander & libel assessment. Complete and transmit attorney client conflicts issue memorandum. _____. Office conference with George Lederer. Commence written response. Office conference with Peter Smart.	6.00	1,650.00
11/4/03	PCS	Legal research on issues pertaining to defamation and privilege to talk about allegations made in pleadings.	5.00	1,125.00
11/5/03	PCS	Continue research on pertinent law on defamation; prepare memo discussing law and analyzing options.	7.00	1,575.00
11/11/03	GWL	Attention to defamation and slander issue; drafting memo regarding possible multiple representation of parties.	2.30	632.50

11/25/03	GWL	Revisions to memo on defamation damages; attention to statutory cap on exemplary damages; memo to P. Smart regarding liability for parties and witnesses out of court statements.	4.50	1,237.50
11/26/03	GWL	Revise memo regarding defamation claim.	0.50	137.50
10/14/03	JTB	Researched Texas cases regarding the applicability of the ligitation privilege to out-of-court statements.	2.50	687.50
10/21/03	JTB	Worked on memorandum regarding the scope of the litigation privilege in Texas.	3.00	825.00
10/22/03	JTB	Worked on memorandum regarding the scope of the litigation privilege in Texas.	2.50	687.50
10/23/03	JTB	Conducted further research of the Texas case law on the scope of the litigation privilege in Texas.	2.00	550.00
10/27/03	JTB	Continued research and drafting of memorandum on the scope of the litigation privilege in Texas.	4.50	1,237.50
10/31/03	PCS	Review pertinent law pertaining to privilege to defame; review complaint.	2.50	562.50
11/3/03	JTB	Further research of the Texas and Fifth Circuit case law on the litigation privilege.	6.00	1,650.00

11/4/03	PCS	Legal research on issues pertaining to defamation and privilege to talk about allegations made in pleadings.	5.00	1,125.00
11/4/03	JTB	Worked on research memorandum regarding the scope of the litigation privilege in Texas.	4.00	1,100.00
11/5/03	JTB	Worked on research memorandum regarding the scope of the litigation privilege in Texas.	2.00	550.00
2/16/04	TR	Review newswires. Office conferences with Reuven Bisk regarding service. Legal research on aiding and abetting breaches of fiduciary duty and privileges. Office conference regarding joint settlement defense.	2.25	495.00
		TOTALS	**78.30**	**$ 19,852.75**

		Crain Caton Redacted Fee Entries		
Date	**Atty**	**Description of services**	**Hours**	**Amount**
09-22-03	RMB	Receipt and review of new Federal Petition. Telephone conference with Richard Menkin. _____ _____ _____. Several office conferences with Brinson Coffman checking status of filing. E-mail Naciri and Associates. Office conference with George Lederer. Office conference with Henry Kollenberg.	4.00	1,100.00
09-22-03	BC	Telephone conference with U.S. District Clerk. Discussion with R. Bisk. Research PACER - federal court records. _____ _____.	0.50	47.50

09-29-03	RMB	_____ _____. Telephone conference with Richard Menkin. Telephone conference with Tim Perkins, Dallas counsel. Modify and transmit courtesy letter to all co-defendants. _____ _____.	7.50	2,062.50
09-29-03	TR	_____ _____ _____.	2.25	450.00
09-30-03	RMB	_____ Telephone conference with Richard Menkin. _____ _____ _____.	1.0	275.00

10-02-03	RMB	Telephone conference with Richard Menkin. Telephone conference with Shezi Nackvi. Telephone conference _____ Draft and transmit letter_____. Draft and transmit _____ _____ affidavit .	5.0	1,375.00
10-07-03	RMB	Telephone conference with Shezi Nackvi regarding trip to meet co-defendant. Office conference with Henry Kollenberg. Office conference with George Lederer. _____ _____ Prepare to respond to _____ _____. Modify _____ affidavit, awaiting Richard's comments. Telephone conference with _____ _____. Transmit PDF file. Telephone conference with Richard Menkin to OK transmission.	4.25	1,168.75
10-09-03	RMB	Telephone conference with _____ _____. Telephone conference with Richard Menkin need to respond by letter. Draft and transmit letter on status of Skidmore litigation.	5.50	1,512.50

10-13-03	RMB	Review Austin Business Journal Article. _____ _____. Draft memo to litigators on key open issues for Skidmore lawsuit against MPE.	3.75	1,031.25
16-16-03	GWL	Attention to _____ Affidavit; research legal authorities regarding breach of fiduciary duty claim.	3.00	885.00
10-16-03	RMB	Review _____ changes and modify and transmit. Office conference with George Lederer and Todd Ramey regarding Breach of Fiduciary Duty.	2.25	618.75
10-17-03	RMB	Begin draft of new fact memorandum. Transmit _____ affidavit.	3.50	962.50

10-23-03	RMB	Office conference with Carolyn Russell. Office conference with Henry Kollenberg. Office conference with Todd Ramey and Brinson Coffman. Modify, complete and transmit service delay issue memoranda requesting to reserve two defendants already served where paperwork tied up in irradiation facility. Office conference with Jonathan Bickham regarding libel issue and possible case. Respond to handling _____ _____.	0.25	68.75
10-29-03	RMB	_____ _____ _____. Review e-mail responses from Richard Cantin and e-mail clarification questions as to service on Morocco questions.	2.00	550.00
10-30-03	GWL	Appearance before Judge _____ in Northern District of Texas for admittance to Northern District; meeting and Godwin Gruber to discuss possible local counsel arrangement; conference with R. Bisk regarding conflicts issue.	5.00	1,475.00

11-03-03	RMB	Receipt and review of correspondence for _____ _____	.25	68.75
11-03-03	RMB	Organize files. Begin update memorandum. Analyze proper approach to _____	3.50	962.50
11-04-03	GWL	Draft reply to _____ attention to conflicts issue and attorney as witness issue.	5.50	1,512.50
11-05-03	RMB	Complete and transmit update letter. _____ _____	5.50	1,512.00
11-05-03	TR	Telephone conference with _____ _____ regarding letter and comments.	0.25	50.00
11-06-03	RMB	Redraft correspondence to _____. E-mail _____ information to _____	1.00	275.00

11-12-03	RMB	Complete and transmit slander & libel assessment. Complete and transmit attorney client conflicts issue memorandum. _____ _____ ____. Office conference with George Lederer. Commence written response. Office conference with Peter Smart.	6.00	1,650.00
11-13-03	RMB	Draft and transmit letter response to _____ Draft and transmit weekly update.	6.50	1,787.50
11-19-03	RMB	Review letter from _____. Begin response letter to _____.	2.25	618.75
11-20-03	RMB	Review, modify and transmit Lederer's memorandum regarding conflicts of interest. Draft and transmit response letter _____.	7.00	1,925.00
12-09-03	GWL	Attention to letter from Swiss counsel for MFM and to - drafting of response _____.	0.50	150.00

12-10-03	RMB	Telephone conference with Richard Menkin regarding my response letter to _____ Review opinion letter. _____ _____Send third follow—up letter to _____ _____. Telephone conference with Richard Menkin. Office conference with Todd Ramey regarding Shepardizing certain efforts for service again. Receipt and review of Petition filed against me by Skidmore. Office conference with Carolyn Russell. Transmit PDF list and copies of relevant Moroccan Opinion letters on restructuring.	5.00	1,375.00
12-29-03	RMB	Office conference with George Lederer and Vance Christopher _____ _____.	0.25	68.75
01-05-04	RMB	Office conference with George Lederer _____ _____ _____. Telephone conference with Abdu Saoud. Draft and transmit memo as to same.	3.00	855.00

01-14-04	TR	Research _____. Research Dutton & Dutton law firm representing Prince Bander bin Sultan. Review newswires.	1.75	350.00
01-15-04	TR	Office conferences with Reuven Bisk, George Lederer and Carolyn Russell regarding pleadings. Review court filings delivered by Brinson Coffman. Legal research regarding auditor liability and fiduciary duty. Office conference with Henry Kollenberg. _____ _____. Brief review of response and comment.	6.25	1,250.00
01-23-04	GWL	Telephone conference _____ _____ attention to Quinn and Rossetti pleadings.	3.25	975.00
01-29-04	GWL	Attention to Certificate of Interested Persons; letter ____ _____ _____	1.00	300.00

01-30-04	GWL	Letter _____ telephone conference with Ms. Jamison regarding Certificate of Interested Persons.	0.50	150.00
02-05-04	CAR	Confer with Reuven Bisk _____ _____ _____.	0.25	55.00
02-06-04	CAR	Meet with Reuven Bisk; meet with Reuven Bisk and George Lederer _____ _____ review recent pleadings.	1.00	220.00
02-12-04	RMB	Telephone conference with Hughes & Luce, Bob Davis regarding representing Prince Bandar. Telephone conference with Susan Kincaid of Nancy Dutton's office. Modify Motion on behalf of Richard Menkin. Review Skidmore pleadings against all defendants _____ _____ _____ _____ _____	6.00	1,710.00

02-17-04	GWL	Revise 12(b) (6) Brief for Mr. Menkin; attend meeting __ _____ _____	7.25	2,175.00
02-17-04	RMB	Telephone conference with Nancy Dutton. Telephone conference with Richard Menkin. Office conference __ _____ _____. Complete memorandum on previous filings. Redraft declaration of Richard and transmit.	9.00	2,565.00
02-17-04	TR	Review corporate share ledger and scheme of Memoranda of Understanding. Legal research on aiding and abetting breach of fiduciary duty. Office conference _____ _____.	4.00	880.00
02-19-04	PCS	Conference with Reuven Bisk _____ _____	0.25	56.25

02-24-04	RMB	Telephone conference with Steve Benz _____ _____	0.25	71.25
02-25-04	GWL	Conference/telephone conference with Jim McGuire, Tim McCarthy of White & Case _____ _____.	1.25	375.00
02-25-04	RMB	Telephone conference with Allyson Dobbs. Telephone conference with Dutton & Dutton, Nancy and Susan. Office conference with George Lederer, Jim McOuirre, and Tim McCarthy of White & Case _____ _____ Review and respond to their inquiries from Tim Perkins and Abdu Saoud.	3.00	855.00
02-29-04	TR	Organize share ledger binders and meroanda of understanding for review by George Lederer. Include new agreements with Abdu Saoud. Leave notes regarding binders, _____.	0.50	110.00

03-02-04	RMB	Telephone conference with Richard Menkin. Telephone conference with Nancy Dutton. Telephone conference with _____ _____ Telephone conference with _____ _____ Draft update letter on service and counsel assignments.	6.00	1,710.00
03-03-04	GWL	Revisions to Saoud Joint Defense Agreement and Cost Sharing Agreement; meeting _____ _____	3.25	975.00
03-03-04	RMB	Telephone conference with Richard Menkin _____ _____. Office conference with _____. Review _____ engagement letter and modify. Review letter agreement and joint defense agreement with Saoud, modify and transmit. Review and approve Godwin Gruber bill. Organize file.	4.00	1,140.00

03-04-04	RMB	Telephone conference with _____ regarding modifications to letter of intent. E-mail correspondence with _____ _____.	0.50	142.50
03-08-04	GWL	_____ _____ receive Saoud pleadings.	0.75	225.00
03-09-04	RMB	Respond to Alison Dodd's e-mails. Telephone conference with Alison Dodd _____. Telephone conference _____ regarding engagement letter. Redraft sanctions memorandum.	7.00	1,995.00
03-09-04	TR	Update memorandum regarding service. Review newswires.	0.50	110.00
03-10-04	RMB	Telephone conference with Shezi Nackvi and Alison Dodds _____ _____.	0.50	142.50

03-11-04	RMB	Two telephone conferences with Mr. Michael Knox. Check out _____ alternative. Telephone conference _____ _____. Review response to Richard Menkin's Motion to Dismiss. Office conference with George Lederer.	2.75	783.75
03-12-04	RMB	E-mail on receipt of package _____.	0.25	71.25
03-15-04	CAR	Confer with Reuven Bisk and Todd Ramey; _____ _____ _____ _____.	0.50	110.00
03-18-04	RMB	Telephone conference with _____ telephone conference with Michael Knox.	0.50	142.50

03-23-04	RMB	Telephone conference with Alison Dodds. Telephone conference with Judith Rutherford and Richard Menkin, all regarding service issues and separate representation. Office conference with George Lederer. _____ _____ _____. Telephone conference _____ _____.	2.50	712.50
04-05-04	TR	Review files and organize and copy materials for George Lederer's meeting in London. _____ _____	1.00	220.00
04-05-04	RMB	Office conference with George Lederer; review (12(b)(2), 12 (b)(6) and motions for Sainaha and Nackvi; _____ _____	2.75	783.75
04-07-04	GWL	Meetings _____ _____ revise Nackvi Declaration.	8.00	2,400.00

04-15-04	GWL	Telephone conference with _____ regarding proceeding to file a response on behalf of MFM _____ _____ _____ attention to allegations in Complaint against MFM.	6.00	1,800.00
04-21-04	GWL	Letter from _____ attention to issue of lack of subject matter jurisdiction on the antitrust claims.	1.25	375.00
04-27-04	GWL	Letter _____ email _____ _____	0.25	75.00
04-27-04	RMB	Telephone conference with Mike Knox; _____ _____ _____ office conference with Richard Menkin; review correspondence.	1.50	427.50

05-04-04	TR	Review Declaration of MFM and make modifications. Deliver with comments _____ _____. Office conferences with Reuven Bisk and George Lederer.	1.50	330.00
05-04-04	GWL	Fax from _____; confirm A. Kamel's filings with court; work on response for Mideast Fund for Morocco Ltd.	9.30	2,790.00
05-06-04	TR	Review newswires. Correspondence regarding Supplementary Declaration to _____ _____ _____ letter _____ _____	2.25	495.00
05-12-04	RMB	Redraft and transmit answer for motion to dismiss for Shezi Nackvi and Samaha; Draft email to _____ on need to address Skidinore's claims as to published reserves by the Moroccan Government. Forward and explain filings for MFM to _____.	5.00	1,500.00

05-13-04	RMB	Review and respond to _____ email with more questions on the TAGI reservations.	1.00	300.00
05-28-04	TR	Review newswires. Review pleadings _____ _____ _____ _____.	1.25	275.00
06-09-04	RMB	Review replies for Saleh and Dallah; telephone conference with Shezi and Alison _____ _____.	1.50	450.00
07-16-04	RMB	Telephone conference with Richard Menkin _____ _____ _____ _____.	0.50	150.00

07-21-04	TR	Review newswires. Make final modifications to letters for co-defendants and counsel. Send letters to counsel with message. Instructions to Jamie Cheek to send co-defendant letters and attachment; Review correspondence from Nancy Dutton and obtain information_____ _____.	4.00	880.00
09-10-04	RMB	Telephone conference with Richard Menkin. Office conference with George Lederer over grant of dismissal to seven defendants and general issues. Email Shezi and Richard _____ _____ _____ _____.	2.50	750.00
10-29-04	TR	Review newswires. Attempt to obtain article on Moroccan energy industry _____ _____ _____.	0.50	110.00

11-03-04	RMB	Correspondence and email to Tim Perkins. Telephone conference with _____. Begin draft of update letter. _____ _____.	4.25	1,275.00
01-03-05	TR	Review newswires. _____ _____Conversations with Reuven Bisk regarding Dallas district court ruling dismissing claims.	1.00	220.00
09-01-04	CVC	Attention to strategy letters. _____ _____.	0.50	162.50
01-20-05	CVC	Prepare for and attend meeting on proving up sanctions; research procedures _____ _____ _____.	2.25	776.25

		Subtotal - Underlying Case	**228.8**	**$63,295.75**
		Crain Caton Sanctions Motion		
09-01-04	CVC	Attention to strategy letters. _____ _____.	0.50	162.50
01-20-05	CVC	Prepare for and attend meeting on proving up sanctions; research procedures _____ _____ _____.	2.25	776.25
		Subtotal - Sanctions	**2.75**	**$938.75**
		Grand Total - Redactions	**231.55**	**$64,234.50**

CC&J Fee Statement Entries Containing "Conference

Date	Attny	Description of Services	Hours	Amount
9/22/2003	RMB	Receipt and review of new Federal Petition. Telephone conference with Richard Menkin. Several office conferences with Brinson Coffman checking status of filing. E-mail Naciri and Associates. Office conference with George Lederer. Office conference with Henry Kollenberg.	4.00	1,100.00
9/22/2003	BC	Telephone conference with U.S. District Clerk. Discussion with R. Bisk. Research PACER - federal court records.	0.50	47.50
9/23/2003	RMB	Telephone conference with Tim Perkins. Telephone conference with George Lederer. Draft memorandum regarding proper response to Federal Petition.	7.00	1,925.00

9/23/2003	GWL	Attention to complaint, status of service; review Northern rules; conference with R. Bisk; attention to jurisdictional issues; memo regarding hot initial issues.	2.00	590.00
9/24/2003	RMB	Office conference with Todd Ramey. Office conference with Carolyn Russell regarding sanctions extent. Telephone conference with Shezi. Telephone conference with Richard. Complete and transmit memorandum on prior response to Federal Petition.	2.50	687.50
9/25/2003	RMB	Telephone conference with George Lederer regarding Court initiated RICO requests. Review new court order demanding confirmation in support from Skidmore. Fax same to London. Draft letter to co-defendant of spurious lawsuit.	2.50	687.50
9/25/2003	BC	Research Pacer web site in re: Skidmore vs. Maghreb. Telephone conference with court coordinator. Preparation of memorandum to R. Bisk	0.50	47.50

9/29/2003	RMB	Telephone conference with Richard Menkin. Telephone conference with Tim Perkins, Dallas counsel. Modify and transmit courtesy letter to all co-defendants.	7.50	2,062.50
9/29/2003	BC	Research Pacer web site. Telephone conference with U.S. District Clerk.	0.50	47.50
9/30/2003	CHK	Revise letters; conference with Reuven Bisk.	0.50	150.00
9/30/2003	RMB	Telephone conference with Richard Menkin.	-	-
9/30/2003	BC	Telephone conference with U.S. District Clerk's office. Attention to Pacer Courts.	0.50	47.50
10/2/2003	TR	Review new press release by Skidmore and Michael Gustin. Review new web site and related information. Office conference with Reuven Bisk. Deliver press release to Richard Menkin.	1.25	250.00

10/2/2003	RMB	Telephone conference with Richard Menkin. Telephone conference with Shezi Nackvi. Telephone conference _____ Draft and transmit letter_____. Draft and transmit _____affidavit .	5.00	1,375.00
10/3/2003	GWL	Attention to (conference with R. Bisk) several issues raised in Northern District proceedings.	-	-
10/3/2003	RMB	Office conference with George Lederer regarding response strategy to frivolous lawsuit. Draft and transmit Zahra's affidavit.	4.00	1,100.00
10/6/2003	GWL	Conference with T. Ramey regarding research on fiduciary duty claim; attention to Northern District local rules.	1.00	295.00
10/7/2003	TR	Monitor press releases and web site. Office conferences with Reuven Bisk.	0.50	100.00

10/7/2003	RMB	Telephone conference with Shezi Nackvi regarding trip to meet co-defendant. Office conference with Henry Kollenberg. Office conference with George Lederer. _____ Prepare to respond to _____. Modify _____ affidavit, awaiting Richard's comments. Telephone conference with _____ _____. Transmit PDF file. Telephone conference with Richard Menkin to OK transmission.	4.25	1,168.75
10/9/2003	TR	Review new articles. Office conference with Reuven Bisk regarding Austin Business Journal. Review Austin Business Journal articles.	0.25	50.00
10/9/2003	RMB	Telephone conference with Telephone conference with Richard Menkin need to respond by letter. Draft and transmit letter on status of Skidmore litigation.	5.50	1,512.50

10/10/2003	TR	Office conferences with Reuven Bisk and George Lederer regarding materials to research. Note press releases added to Skidmore information. Send Reuven Bisk information on French bank fraud concerning advance fees allegedy committed by Skidmore Energy Nevada, LLC.	1.25	250.00
10/13/2003	TR	Office conferences with Reuven Bisk and George Lederer. Pull statutes cited by Gary Sullivan regarding jurisdiction, anti-trust and RICO violations. Begin research regarding possible fiduciary duties of accountants.	2.00	400.00
10/13/2003	PCS	Conference with Reuven Bisk regarding proper way to enact accord and satisfaction .	0.25	56.25
10/14/2003	TR	Review new article by Daily Star and deliver to Shezi Nackvi and Richard Menkin. Office conference with Reuven Bisk. Begin research of possible fiduciary duties owed by charterered accountants.	1.50	300.00

10/15/2003	TR	Articles research. Review and draft memorandum regarding KMPG fiduciary duties, breach of and conspiracy to breach. Office conference with Reuven Bisk.	3.25	650.00
10/15/2003	RMB	Telephone conference with Richard Menkin. Complete affidavit. Complete and transmit letter to with request to comment on additional Skidmore accusations. Compile and transmit PDF letter file on parties to Shezi. Begin critique of fact accuracies. Office conference with Todd Ramey and George Lederer.	4.00	1,100.00
10/16/2003	TR	Articles research. Finalize memorandum regarding KPMG. Office conference with Reuven Bisk.	75.00	150.00
10/16/2003	RMB	Review changes and modify and transmit. Office conference with George Lederer and Todd Ramey regarding Breach of Fiduciary Duty.	2.25	618.75
10/23/2003	TR	Office conference with Brinson Coffman regarding court filings. Review newswires. Office conference with Reuven Bisk regarding various memoranda.	1.25	250.00

10/23/2003	CHK	Conference with Reuven Bisk.	0.25	75.00
10/23/2003	RMB	Office conference with Carolyn Russell. Office conference with Henry Kollenberg. Office conference with Todd Ramey and Brinson Coffman. Modify, complete and transmit service delay issue memoranda requesting to reserve two defendants already served where paperwork tied up in irradiation facility. Office conference with Jonathan Bickham regarding libel issue and possible case. Respond to handling _____.	0.25	68.75
10/24/2003	BC	Attention to PACER web site. Preparation of status report to R. Bisk. Attention to RICO case statement. Research Westlaw for R. Bisk. Telephone conference with court coordinator.	1.00	95.00
10/24/2003	TR	Conference regarding RICO case statement.	0.50	100.00
10/24/2003	PCS	Conference with R. Bisk regarding slander; review prior research on subject .	0.50	112.50
10/27/2003	GWL	Conference with Mr. R. Bisk regarding issues in Northern District.	0.75	221.25

10/27/2003	CHK	Conference with Reuven Bisk; research.	0.25	75.00
10/28/2003	TR	Research regarding service of process in Liechtenstain and Saudi Arabia. Telephone conference with Rick Hamilton of Process Forwarding International regarding Hague Convention and service implications. Review commentary on prohibition of letters rogatory in Saudi Arabia.	3.00	600.00
10/28/2003	RMB	Office conference with Jonathan Bickham regarding Libel/Slander. Office conference with Todd Ramey regarding service of process in Saudi Arabia, Great Britain and Liechtenstein.	0.75	206.50
10/30/2003	TR	Office conferences with Reuven Bisk regarding foreign service issues. Review newswires.	0.50	100.00
10/30/2003	GWL	Appearance before Judge in Northern District of Texas for admittance to Northern District; meeting and Godwin Gruber to discuss possible local counsel arrangement; conference with R. Bisk regarding conflicts issue.	5.00	1,475.00

10/30/2003	PCS	Conference with Reuven Bisk.	0.50	112.50
10/30/2003	RMB	Telephone conference with Rchard Cantin, Shezi Nackvi nd Richard Menkin. Office conference with Peter Smart regarding libel and slander memorandum.	1.00	275.00
10/30/2003	RMB	Office conference with George Lederer regarding conflicts issues and upcoming memorandum.	0.50	137.50
10/31/2003	TR	Research regarding service in foreign countries. Telephone call to Liechtenstein law firm regarding service in Liechtenstein. Office conference with Reuven Bisk. Review newswires.	1.50	300.00
11/3/2003	RMB	Office conference with Carolyn Russell regarding partial service.	0.50	137.50
11/4/2003	BC	Attention to PACER web site. Multiple telephone conferences with court clerk. Preparation of status E-Mail to R. Bisk.	0.75	71.25
11/4/2003	CHK	Attention to service and conflict issues; conference with Reuven Bisk.	0.75	225.00

11/4/2003	TR	Office conferences with Reuven Bisk regarding service of U.S. process on individuals and companies in Liechtenstein, Saudi Arabia and the United Kingdom. Draft e-mail with service questions to London law firm. Draft letter to Liechtenstein counsel in Vaduz. Other general research and newswire searches.	2.50	500.00
11/4/2003	CAR	Office conference with Reuven Bisk and Henry Kollenberg regarding status of litigation.	0.25	50.00
11/5/2003	TR	Telephone conference with _____ _____ regarding letter and comments.	0.25	50.00
11/11/2003	RMB	Office conference with Peter Smart regarding libel/slander positioning. Office conference with George Sederer, Henry Kollenberg regarding same. Modify Peter's memo draft analyze issues cover letter.	5.50	1,512.50

11/12/2003	RMB	Complete and transmit slander & libel assessment. Complete and transmit attorney client conflicts issue memorandum. _____ ____ _____. Office conference with George Lederer. Commence written response. Office conference with Peter Smart.	6.00	1,650.00
11/13/2003	GWL	Conference with R. Bisk regarding MFM representation and related matters.	0.50	137.50
11/17/2003	BC	Telephone conference with court clerk. Attention to PACER web site. Preparation of status E-Mail to R. Bisk.	0.50	47.50
11/19/2003	GWL	Conference with R. Bisk; work on memo regarding joint representation of parties.	4.00	1,100.00
11/19/2003	CHK	Conference with Reuven Bisk.	0.50	150.00
11/20/2003	GWL	Finalize memorandum regarding joint representation of parties, doctrine of attorney immunity; conference with R. Bisk.	4.75	1,306.25
11/21/2003	GWL	Conference with R. Bisk; review legal authorities regarding recovery of defamatien damages.	3.25	893.75

11/21/2003	BC	Discussion with R. Bisk. Attention to PACER web site. Telephone conference with clerk's office.	0.50	47.50
12/4/2003	RMB	Telephone conference with Abdu Saoud.	0.25	68.75
12/8/2003	TR	Office conferences with Reuven Bisk. Review newswires. Review letter from MFM's Zurich counsel and begin to answer questions. Review corporate book. Review correspondence for opinion letters regarding recapitalization.	1.50	300.00
12/8/2003	BC	Telephone conference with court clerk's office. Attention to PACER web site. Preparation of status E-Mail to R. Bisk.	0.50	47.50
12/9/2003	TR	Review newswires. Review books for legal opinions and related correspondence on recapitalization. Office conference with Reuven Bisk regarding letter from MFM's Zurich counsel. Make corrections regarding capital contributions versus shareholder loans.	1.25	250.00

12/10/2003	RMB	Telephone conference with Richard Menkin regarding my response letter to Review opinion letter. Send third follow—up letter to Telephone conference with Richard Menkin. Office conference with Todd Ramey regarding Shepardizing certain efforts for service again. Receipt and review of Petition filed against me by Skidmore. Office conference with Carolyn Russell. Transmit PDF list and copies of relevant Moroccan Opinion letters on restructuring.	5.00	1,375.00
12/11/2003	GWL	Attention to service of citation overseas by use of certified mail; conference with Mr. Bisk.	1.50	450.00
12/11/2003	RMB	Office conference with George Lederer reconfirming service of foreign defendants procedure.	0.25	68.75
12/11/2003	BC	Telephone conference with district clerk's office. Attention to PACER. Preparation of status E-Mail to R. Bisk.	0.50	47.50

12/12/2003	RMB	Telephone conference with Richard Menkin regarding update of service by Skidmore and application to United Kingdom.	0.50	137.50
12/12/2003	TR	Conferences with Reuven Bisk regarding service under Hague Convention in United Kingdom. Review Hague Convention information regarding service and possible nonobjections to international registered mail.	1.00	200.00
12/15/2003	CHK	Conference with Reuven Bisk.	0.25	75.00
12/16/2003	CHK	Conference with Reuven Bisk.	0.75	225.00
12/16/2003	GWL	Telephone conference regarding local counsel; attention to Motion for Extension to File Answer; telephone conference with plaintiff's attorney regarding proposed extension.	1.50	450.00
12/16/2003	RMB	Interview, examine and select local Dallas counsel. Office conference with Vance Christopher. Office conference with various attorneys. Begin to assemble background data on law firm's involvement.	4.00	1,100.00

12/17/2003	GWL	Attention to obtaining extension to answer date for Bisk and Crain Caton; telephone conference regarding local counsel; telephone conference with local counsel regarding antitrust and RICO claims.	2.25	675.00
12/17/2003	RMB	Office conference with George Lederer. Office conference with Carolyn Russell.	0.50	137.50
12/18/2003	CHK	Conference with Reuven Bisk.	0.50	150.00
12/18/2003	GWL	Telephone conference with Ms. Jamison regarding telephone conferences with plaintiffs' attorneys regarding extension; conference with Mr. Bisk; draft Motion to Extend Answer Date and Agreed Order; forward draft of motion and order to local counsel.	2.50	750.00
12/18/2003	TR	Research and continue memorandum on service and Hague Convention. Office conference with Kym Stuart regarding international service. Office conferences with Reuven Bisk.	4.00	800.00

12/19/2003	GWL	Telephone conference with Ms. Jamison regarding discussions with Plaintiffs' attorneys; conference with Ms. Russell regarding drafting of Response to Complaint; finalize Motion to Extend Answer Date and - Agreed Order and forward to local counsel to secure Plaintiffs' attorneys' signature and for filing with court; telephone conference with Ms. Jamison confirming plaintiffs attorneys' agreement.	4.00	1,200.00
12/19/2003	RMB	Office conference with George Lederer. Telephone conference with Vance Christopher on proper choice of local Dallas counsel options.	1.00	275.00
12/19/2003	BC	Communicate with R. Bisk. Telephone conference with court clerk.	0.50	47.50
12/22/2003	GWL	Telephone conference with court regarding extension of Answer date.	0.25	75.00
12/29/2003	RMB	Office conference with George Lederer and Vance Christopher	0.25	68.75

12/29/2003	TR	Review newswires and other correspondence. Office conferences with Reuven Bisk and Carolyn Russell regarding response to service.	0.50	100.00
12/29/2003	BC	Attention to PACER web site. Telephone conference with court clerk's office. Preparation of status E-Mail to R. Bisk.	0.50	47.50
1/5/2004	GWL	Conference with R. Bisk regarding Abdu Saoud; attention to claims.	1.00	300.00
1/5/2004	TR	Review newswires. Office conference with Reuven Bisk regarding Abdu Saoud. Office conference with Carolyn Russell regarding MPE timeline.	0.75	150.00
1/5/2004	RMB	Office conference with George Lederer _____ _____ Telephone conference with Abdu Saoud. Draft and transmit memo as to same.	3.00	855.00
1/6/2004	GWL	Receive KPMG motion; telephone conference with local counsel in Dallas regarding KPMG motion.	0.75	225.00

1/7/2004	GWL	Telephone conference with Ms. Jamison regarding hearing date; attention to response for Defendants Bisk and Crain Caton; receive motion by Quinn and Rossetti.	1.75	525.00
1/8/2004	TR	Review newswires. Review PACER filings in Dallas federal court. Make comments regarding filed documents. Review federal court local rule. Office conferences with Reuven Bisk and Carolyn Russell. Letter to Moroccan counsel regarding addressing letters rogatory.	2.75	550.00
1/8/2004	BC	Discussion with G. Lederer. Attention to PACER web site. Compilation of multiple pleadings and order for R. Bisk and G. Lederer. Multiple telephone conferences with court clerk.	2.00	200.00
1/9/2004	TR	Review newswires. Office conferences with Reuven Bisk and Carolyn Russell.	0.50	100.00

1/9/2004	RMB	Office conference with Brinson Coffman and George Lederer regarding Prince Bandar and regarding potential default judgment. Telephone conference with Richard Menkin. Begin drafting memo for motion to dismiss.	3.00	855.00
1/12/2004	GWL	Review Plaintiffs' RICO Statement; attention to response; conference with Mr. Bisk; revising letter to insurance carrier regarding claims by Plaintiffs.	7.50	2,250.00
1/12/2004	TR	Review newswires. Brief review and comment to draft response by Carolyn Russell. Review and assemble timelines and event commentary for comment on representation of entities. Office conferences with Reuven Bisk.	3.00	600.00
1/13/2004	TR	Office conferences with George Lederer and Carolyn Russell. Research regarding pleas of abatement in Texas lawsuits. Comments to draft pleadings. Review new pleadings posted on court's PACER site.	2.25	450.00

1/14/2004	RMB	Locate, make contact with, and transmit information to Dutton & Dutton. Telephone conference with Nancy Dutton. Prepare and e-mail data on lawsuit status to Prince's attorneys.	2.50	712.50
1/15/2004	GWL	Work on motions to dismiss by Bisk and Cram Caton; telephone conference with attorney for KPMG.	10.00	3,000.00
1/15/2004	CHK	Conference with Todd Ramey regarding accountant liability.	0.50	150.00
1/15/2004	TR	Office conferences with Reuven Bisk, George Lederer and Carolyn Russell regarding pleadings. Review court filings delivered by Brinson Coffman. Legal research regarding auditor liability and fiduciary duty. Office conference with Henry Kollenberg. _____ _____. Brief review of response and comment.	6.25	1,250.00

1/16/2004	GWL	Telephone conference with clerk of court regarding opposition to motion to extend deadline to serve defendants; finalize and file Motions to Dismiss under Rule 12(b) by Bisk and Crain Caton.	7.50	2,250.00
1/16/2004	TR	Office conferences with George Lederer and Reuven Bisk. Legal research regarding fiduciary duties of professionals. Review newswires.	3.25	650.00
1/20/2004	TR	Review newswires. - Office conferences regarding lawsuit and status of items.	0.50	100.00
1/20/2004	BC	Attention to PACER web site. Compilation of recently filed documents. Preparation of status E-Mail to R. Bisk. Communicate with R. Bisk. Telephone conference with clerk's office.	0.70	70.00
01-22-04	GWL	Review court filings; conference with Mr. Bisk.	1.25	375.00
1/22/2004	RMB	Office conference with George Lederer regarding status of Motion to Dismiss.	0.50	142.50
1/23/2004	GWL	Telephone conference _____ _____ attention to Quinn and Rossetti pleadings.	3.25	975.00

1/26/2004	GWL	Finalize and file Application to Western District; telephone conference with Mr. Bisk.	1.50	450.00
1/28/2004	GWL	Review KPMG Briefs and Motions; telephone conference with local counsel regarding KPMG filings.	3.50	1,050.00
1/28/2004	RMB	Telephone conference with Richard Menkin. Telephone conference with Richard Cantin. Begin drafting of report to Shezi Nackvi for Moroccan officials.	3.50	997.50
1/30/2004	GWL	Letter _____ telephone conference with Ms. Jamison regarding Certificate of Interested Persons.	0.50	150.00
2/2/2004	GWL	Conference with R. Bisk; attention to various issues regarding response by Richard Menkin.	1.00	300.00
2/3/2004	RMB	Office conference with George Lederer regarding personal jurisdiction issues.	0.50	142.50

2/3/2004	TR	Office conference with Reuven Bisk regarding recent developments. Review court correspondende.	0.50	110.00
2/4/2004	GWL	Telephone conference with Dallas local counsel regarding request by plaintiffs to serve Saudi defendants by publication; attention to personal jurisdiction issue for defendant Menkin; review plaintiffs motion to serve Saudi defendants by publication.	1.75	525.00
2/4/2004	RMB	Telephone conference with Abdu Saoud regarding potentially being served. Two telephone conferences with Richard Cantin. Office conference with Carolyn Russell. Two office conferences with Brinson Coffman.	1.50	427.50
2/4/2004	BC	Discussion with R. Bisk and C. Russell regarding return of summons. Telephone conference with court coordinator. Preparation of status E-Mail to R. Bisk.	0.50	50.00

2/5/2004	RMB	Two telephone conferences with Abdu Saoud discussing need to speak with Shezi and case handling. Review fax on MOU. Forward to Shezi and Richard. Office conference with Carolyn Russell. Office conference with George Lederer regarding motion for service by publication. Telephone conference with Richard Menkin to go over his statement.	2.00	570.00
2/6/2004	RMB	Receipt and review of order granting ability to serve by publication. Office conference with George Lederer and Carolyn Russell as to same. Analyze, draft and transmit correspondence to Shezi Nackvi and Richard Menkin. Office conference with Dutton & Dutton, Nancy Dutton over proper handling.	3.50	997.50
2/9/2004	RMB	Telephone conference with Abdu Saoud. Review and transmit State Department response.	1.50	427.50
2/10/2004	GWL	Attention to plaintiffs' brief in opposition to Bisk and Crain Caton motion to dismiss; conference with R. Bisk.	2.75	825.00

2/10/2004	RMB	E-mail to Nancy Dutton on her prepared letter on service by publication. Telephone conference with Shezi Nackvi. Two telephone conferences with Abdu Saoud. Two office conferences with Carolyn Russell. Office conference with Vance Christopher, George Lederer and Henry Kollenberg regarding forming litigation team.	4.00	1,140.00
2/11/2004	GWL	Telephone conference with local Dallas counsel regarding filing reply brief to plaintiffs' response; receive notice of appearance for Prince Bandar; drafting motion to dismiss for Menkin.	4.75	1.425.00
2/11/2004	CHK	Conference with Todd Ramey; attention to legal research.	0.50	150.00
2/12/2004	GWL	Conference with T. B.amey regarding further research regarding breach of fiduciary duty issue; conference with R. Bisk; revise brief in support of motion to dismiss under rule 12(b) (6).	6.00	1,800.00

2/12/2004	RMB	Telephone conference with Hughes & Luce, Bob Davis regarding representing Prince Bandar. Telephone conference with Susan Kincaid of Nancy Dutton's office. Modify Motion on behalf of Richard Menkin. Review Skidmore pleadings against all defendants _____ _____	6.00	1,710.00
2/12/2004	TR	Office conference with Reuven Bisk regarding service issues. Review newswires. Office conference with George Lederer regarding legal research. Office conference with Henry Kollenberg. Research regarding fiduciary duties and aiding and abetting violations thereof.	3.25	715.00
2/16/2004	RMB	Review declaration changes of Richard Menkin. Telephone conference with Steve Benz, Esquire for Prince Bandar. Begin memorandum to Litigators on lack of sufficient pleading from a logical perspective.	5.00	1,425.00

2/16/2004	TR	Review newswires. Office conferences with Reuven Bisk regarding service. Legal research on aiding and abetting breaches of fiduciary duty and privileges. Office conference regarding joint settlement defense.	2.25	495.00
2/17/2004	RMB	Telephone conference with Nancy Dutton. Telephone conference with Richard Menkin. Office conference _____ _____. Complete memorandum on previous filings. Redraft declaration of Richard and transmit.	9.00	2,565.00
2/17/2004	TR	Review corporate share ledger and scheme of Memoranda of Understanding. Legal research on aiding and abetting breach of fiduciary duty. Office conference _____ _____.	4.00	880.00

2/18/2004	RMB	Telephone conference with Richard Menkin regarding developments and answers. Review and modify Menkin's motion to dismiss. Telephone conference with Tim Perkins of Smith, Underwood regarding Abdu Saoud's representation. Again modify Menkin's declaration. Review service issues with Todd Ramey.	5.00	1,425.00
2/19/2004	PCS	Conference with Reuven Bisk _____	0.25	56.25
2/19/2004	TR	Office conference with George Lederer regarding legal research.	1.00	220.00
2/19/2004	CHK	Conference with Reuven Bisk.	0.50	150.00
2/19/2004	RMB	Review and redraft Richard Menkin's motion to dismiss. Office conferences with litigators.	5.50	1,567.50
2/23/2004	RMB	Telephone conference with Richard Menkin. Office conference with George Lederer. Office conference with Carolyn Russell.	0.75	213.75

2/24/2004	RMB	Telephone conference with Steve Benz	0.25	71.25
2/24/2004	CHK	Conference with Reuven Bisk.	0.25	75.00
2/24/2004	CAR	Office conference with Reuven Bisk.	0.25	55.00
2/25/2004	GWL	Conference/telephone conference with Jim McGuire, Tim McCarthy of White & Case	1.25	375.00
2/25/2004	RMB	Telephone conference with Allyson Dobbs. Telephone conference with Dutton & Dutton, Nancy and Susan. Office conference with George Lederer, Jim McOuirre, and Tim McCarthy of White & Case Review and respond to their inquiries from Tim Perkins and Abdu Saoud.	3.00	855.00
2/25/2004	RMB	Telephone conference with Abdu Saoud telling him to contact me henceforth through Tim Perkins.	0.25	71.25

2/27/2004	RMB	Review letter to Judge regarding service by publication from Nancy Dutton. Office conference with George regarding Abdu.	1.00	285.00
2/27/2004	TR	Review court filing. Office conference with George Lederer regarding KPMG audit. Review newswires. Office conferences with Reuven Bisk and George Lederer regarding MOUs and Mr. Saoud.	1.75	385.00
3/1/2004	TR	Review court filings. Office conferences with Reuven Bisk and George Lederer. Note correct website citation missed by KFMG counsel. Conference with Jonathan Bickham regarding translation of Abdu Saoud stock power.	1.00	220.00
3/1/2004	RMB	Review KPMG's response to response to motion to dismiss. Telephone conference with Richard Menkin.	0.75	213.75

3/2/2004	RMB	Telephone conference with Richard Menkin. Telephone conference with Nancy Dutton. Telephone conference with _____ _____ Telephone conference with _____ _____ Draft update letter on service and counsel assignments.	6.00	1,710.00
3/3/2004	RMB	Telephone conference with Richard Menkin _____ _____. Office conference with _____. Review _____engagement letter and modify. Review letter agreement and joint defense agreement with Saoud, modify and transmit. Review and approve Godwin Gruber bill. Organize file.	4.00	1,140.00

3/4/2004	RMB	Telephone conference with _____ regarding modifications to letter of intent. E-mail correspondence with _____ _____.	0.50	142.50
3/9/2004	RMB	Respond to Alison Dodd's e-mails. Telephone conference with Alison Dodd _____. Telephone conference _____ regarding engagement letter. Redraft sanctions memorandum.	7.00	1,995.00
3/10/2004	RMB	Telephone conference with Shezi Nackvi and Alison Dodds	0.50	142.50
3/11/2004	PCS	Conference with Reuven Bisk regarding potentiai counsel in Fort Worth.	0.50	112.50

3/11/2004	RMB	Two telephone conferences with Mr. Michael Knox. Check out _____ _____alternative. Telephone conference _____. Review response to Richard Menkin's Motion to Dismiss. Office conference with George Lederer.	2.75	783.75
3/12/2004	RMB	Telephone conference with Richard Menkin. Office conference with George Lederer.	0.50	142.50
3/13/2004	GWL	Telephone conference with Mr. Knox concerning facts of case.	0.25	75.00
3/15/2004	RMB	Telephone conference with Michael Knox on engagement.	0.25	71.25
3/16/2004	TR	Review litigation binders for materials. Office conferences with Reuven Bisk and Carolyn Russell. Review newswires.	1.25	275.00
3/17/2004	TR	Office conference with Carolyn Russell regarding PACER court filings.	0.25	55.00
3/17/2004	TR	Office conferences with Reuven Bisk. Review newswires.	0.25	55.00

3/18/2004	RMB	Telephone conference with _____ telephone conference with Michael Knox.	0.50	142.50
3/19/2004	TR	Review newswires. Office conferences with Reuven Bisk.	0.25	55.00
3/23/2004	RMB	Telephone conference with Alison Dodds. Telephone conference with Judith Rutherford and Richard Menkin, all regarding service issues and separate representation. Office conference with George Lederer. _____ _____ _____. Telephone conference _____.	2.50	712.50
3/23/2004	GWL	Conference with R. Bisk regarding various legal issues; attention to Rely for Mr. Menkin and Brief in support.	5.00	1,500.00
3/24/2004	RMB	Two office conferences with Carolyn Russell regarding service issues. Review response for Richard Menkin and draft modifications.	2.00	570.00
3/24/2004	TR	Review newswires. Status conferences.	0.25	55.00

3/25/2004	RMB	Complete draft of Menkin Response and transmit. Office conference with George Lederer.	1.00	285.00
3/25/2004	GWL	Conference with Mr. Bisk; additional revisions to Reply and Brief; forward draft to local counsel in Dallas.	3.75	1,125.00
3/31/2004	RMB	Telephone conference with Richard Menkin regarding upcoming meeting in London. Telephone conference with Richard Cantin regarding proper service for Moroccan courts and planning out of proceeding. Office conference with George Lederer briefing him on upcoming meeting. - Complete and transmit memorandum to the file. Office conference with George Lederer regarding jurisdiction issues for Samaha and Shezi Nackvi.	3.25	926.25
3/31/2004	TR	Office conferences with Reuven Bisk regarding service issues. Review newswires. Review correspondence.	0.50	110.00
4/5/2004	TR	Office conferences with George Lederer and Reuven Bisk. Review newwires.	0.10	22.00

4/5/2004	RMB	Office conference with George Lederer; review (12(b)(2), 12 (b)(6) and motions for Sainaha and Nackvi; _____ _____	2.75	783.75
4/8/2004	TR	Review newswires. Conference with Reuven Bisk regarding London meeting.	0.50	110.00
4/8/2004	RM	eTeleconferences with Michael Knox, George Lederer and Richard Menkin over corrections to Declaration of Jurisdiction. Modify, review, modify and transmit motions to dismiss for Samaha and Shezi.	4.25	1,211.25
4/9/2004	RMB	Teleconference with Godwin Gruber regarding filing coordination; teleconference with Jodie Jameson confirming filing and final details.	1.50	427.50
4/12/2004	GWL	Attention to pleadings filed by Samaha and Nackvi from local counsel; follow up work from meeting; telephone conference with local counsel.	3.25	975.00

4/13/2004	GWL	Telephone conference with local counsel; attention to pleadings filed by plaintiffs in response to Prince Bandar's Motion to Dismiss.	1.75	525.00
4/14/2004	GWL	Telephone conference with Mr. Knox regarding facts of case; conference with Mr. Bisk regarding service of Complaint upon MFM, other issues.	2.75	825.00
4/14/2004	RMB	Teleconferences with Richard Menkin and Michael Knox; email Richard Menkin; office conference with George Lederer to debrief on meeting in London and calendaring of remaining actions.	1.50	427.50
4/15/2004	GWL	Telephone conference with _____ regarding proceeding to file a response on behalf of MFM _____ _____ attention to allegations in Complaint against MFM.	6.00	1,800.00
4/16/2004	RMB	Teleconference with Tim Perkins, attorney for Abdu Saoud; email Richard and Shezi with suggestions.	0.50	142.50
4/19/2004	GWL	Conference with Mr. Bisk regarding various issues.	0.50	150.00

4/21/2004	RMB	Draft Abdullah affidavit and transmit; review new jurisdictional issue caselaw on Sherman Anti-Trust Act; office conference with George Lederer; teleconference with Richard Menkin regarding various topics.	3.00	855.00
4/22/2004	TR	Review newswires. RICO violation conference with Reuven Bisk and legal research.	1.50	330.00
4/23/2004	RMB	Review truncated affidavit of Abdullah; teleconference with Richard Menkin; review service date issue for Saudis with Knox; office conference with George Lederer; email Richard request for documentation from ONAREP; office conference with Carolyn Russell regarding proper date of service for Saudis; office conference with Todd Ramey regarding service package of DeJoria being to us by mistake; review package.	3.25	926.25

4/27/2004	RMB	Telephone conference with Mike Knox; _____ _____ _____ office conference with Richard Menkin; review correspondence.	1.50	427.50
4/29/2004	GWL	Telephone conference with local counsel regarding filings for Abdullah Kamel; work on 12(b)(1) motion; telephone conference with Mr. Knox regarding Den Norske case.	7.00	2,100.00
4/29/2004	RMB	Review motion to dismiss for Abdullah; teleconference with Richard Menkin; draft Joint Defense Agreement and instruction letter and transmit; review responses to Samaha (Shezi motions to dismiss), comment upon and forward to client.	5.50	1,567.50
4/30/2004	RMB	Teleconferences with Richard Menkin and Michael Knox; verify proper date of filing on Monday; Begin affidavits for Mediholdings.	3.25	926.25

5/3/2004	RMB	Telephone conference with Richard Menkin on affidavits; send documents on Joint Defense Agreement; Review Abdullah final filings for Motion and okay filing with Dallas; Prepare jurisdiction affidavits for MPE, MFM, Mediholding, Alaoui and Benslimane; redraft Joint Defense Agreement, correspondence, letters and transmit.	5.00	1,500.00
5/4/2004	RMB	Complete and transmit affidavits for 5 defendants on Jurisdiction; office conference with Carolyn Russel on conflict letters; redraft Joint Defense Agreement with Knox; telephone conference with Richard Menkin.	3.75	1,125.00
5/4/2004	TR	Review Declaration of MFM and make modifications. Deliver with comments _____ _____. Office conferences with Reuven Bisk and George Lederer.	1.50	330.00

5/5/2004	RMB	Telephone conference with Richard Menkin; Modify Supplementary Affidavits for MFM; Follow through five of affidavits; Office conference with Carolyn Russel; Office conference with George Lederer, on conflicts letters.	3.00	900.00
5/5/2004	TR	Review newswires. Office conferences with Reuven Bisk. Receive and acknGWLedge Declaration executed by Dr. Peter Prast. Draft Supplement Declaration for MFM including information on Memoranda of Understanding and MPE Board of Director and Shareholder meetings.	2.75	605.00
5/7/2004	RMB	Draft 12(b)(5) Motion for Mediholding, MPE, Benslimane and Alaoui; Telephone conference with Richard Menkin.	3.00	900.00
5/10/2004	TR	Review newswires. Office conferences with Reuven Bisk. Review share register for Mediholding stock ownership and dates.	1.25	275.00
5/11/2004	TR	Review newswires. Office conferences with Reuven Bisk regarding court responses.	0.25	55.00

5/12/2004	TR	Review newswires. Office conferences with Reuven Bisk regarding court pleadings and ONAREP statements.	0.50	110.00
5/17/2004	GWL	Telephone conference with Mr. Knox regarding various issues; - attention to answer date.	0.80	240.00
5/21/2004	RMB	Telephone conference with Shezi Nackvi; Telephone conference with Allison Dodds; Redraft correspondence for Allison to Knox; Redraft and transmit Joint Defense Agreement and Dodd's letters to Knox; Office conference with Carolyn Russell; Telephone conference with Mike Knox.	2.50	750.00
6/1/2004	GWL	Conference with Mr. Bisk regarding Joint Defense Agreement; receive additional Plaintiffs' Responses.	2.50	750.00
6/2/2004	GWL	Telephone conference with local counsel; review additional Plaintiffs' Responses; conference with Mr. Hisk.	1.00	300.00
6/3/2004	RMB	Compare memo to George Lederer 's replies to Plaintiffs' responses; office conference with Carolyn Russell.	3.50	1,050.00

6/3/2004	RMB	Telephone conference with Richard Menkin; transmit responses to Mediholding, Nackvi, MFN, etc.; telephone conference with John Knox.	2.50	750.00
6/3/2004	GWL	Conference, telephone conference with Mr. Knox regarding Joint Defense Agreement; conference with Mr. Bisk.	1.25	375.00
6/4/2004	RMB	Telephone conference with Mike Knox on need to complete reply.	0.25	75.00
6/9/2004	RMB	Review replies for Saleh and Dallah; telephone conference with Shezi and Alison _____ _____.	1.50	450.00
6/14/2004	RMB	Office conference with George Lederer on replies; modify paragraph 15 on Letters Rogatory on Hague Convention.	2.00	600.00
6/15/2004	RMB	Office conference with George Lederer on special submission to court based on new Landmark Supreme Court case; modify and draft sanction memorandum.	3.00	900.00

6/17/2004	RMB	Office conference with George Lederer; review Azzedine Benmoussa reply; office conference with Nikki Davis over expansive reading of Rule 4 exclusion.	1.50	450.00
6/17/2004	GWL	Conference with Mr. Bisk; consultation with local counsel regarding supplementing briefing on antitrust claims.	1.50	450.00
6/21/2004	GWL	Conference with R. Bisk; revise letter to Judge Fish regarding new U.S. Supreme Court decision on ETAIA; attention to sanctions issue.	4.00	1,200.00
6/23/2004	TR	Review newswires. Office conference with Nicole Davis regarding service in Morocco and other issues.	0.75	165.00
6/23/2004	GWL	Telephone conference with local counsel regarding filing letter with Judge Fish regarding new U.S. Supreme Court decision.	0.30	90.00

6/25/2004	BC	Assist C. Lederer with PACER - and Westlaw research regarding recent ruling in District of Columbia District Court. Telephone conference with Tim Mountz, of Baker Botts.	0.30	30.00
6/28/2004	GWL	Telephone conference with clerk regarding Motion for Leave for Sur Reply; draft Motion for Leave; attention to sanctions against plaintiffs.	6.75	2,025.00
7/13/2004	GWL	Telephone conference with Mr. Knox regarding proposed joint defense agreement and related issue.	0.50	150.00
7/13/2004	RMB	Office conference with George Lederer on withdrawal of Knox.	0.25	75.00
7/16/2004	RMB	Telephone conference with Richard Menkin	0.50	150.00
7/20/2004	RMB	Office conference with Richard Menkin. Draft letters to co-defendants and their attorneys and modify.	2.50	750.00
7/23/2004	TR	Review newswires. Office conference with Vance Christopher. Telephone call to Tim Perkins.	1.00	220.00

7/26/2004	GWL	Telephone conference with local counsel; email from Knox; review Plaintiffs' Motion for Anti-Suit Injunction.	2.25	675.00
7/28/2004	CML	Email from local counsel; conference with Vance Christopher regarding Motion for Anti-Suit Injunction.	1.25	375.00
7/30/2004	GWL	Conference with R. Bisk; work on response to Motion for Anti-Suit Injunction.	6.00	1,800.00
7/30/2004	RMB	Office conference with Ceorge Lederer. Telephone conference with Richard Menkin. Review Travis Wolf opinion.	1.50	450.00
8/2/2004	GWL	Review additional legal authorities regarding foreign antisuit injunction; telephone conference with local counsel; work on response to motion.	6.00	1,800.00
8/2/2004	RMB	Office conference with Scott Elliott. Office conference with George Lederer.	0.50	150.00

8/3/2004	TR	Conference with George Lederer regarding response to antisuit injunction. Correspondence with Reuven Bisk. Review newswires. Review sanctions materials.	0.75	165.00
8/6/2004	GWL	Revise Response and Brief and forward to local counsel; telephone conference with local counsel regarding finalizing.	2.75	825.00
8/18/2004	RMB	Identify WSJ article on Sherman Anti-Trust Ruling. Office conference with George Lederer.	0.50	150.00
8/19/2004	RMB	Telephone conference with Richard Menkin.	0.25	75.00
8/25/2004	TR	Review newswires. Conference regarding anti-suit injunction research.	0.25	55.00
8/30/2004	GWL	Attention to Sur-Reply to Motion for Anti-Suit Injunction; conference with Mr. Bisk.	2.50	750.00
8/31/2004	RMB	Office conference with George Lederer. E-mail Hicham and Richard on response to Injunction Notions. Draft update letter and transmit.	6.00	1,800.00
9/7/2004	RMB	Telephone conference with Richard Menkin on letters/calls to other attorneys.	0.25	75.00

9/9/2004	RMB	Telephone conference with Richard Menkin on Kroll report research and amass data on U.S. - Morocco free trade agreement and assemble. Prepare update letter for all clients and transmit to MFM. Receipt of Appendix Review and transmit.	2.25	675.00
9/10/2004	RMB	Telephone conference with Richard Menkin. Office conference with George Lederer over grant of dismissal to seven defendants and general issues. Email Shezi and Richard _____ _____ _____.	2.50	750.00
9/10/2004	GWL	Receive Memorandum Order from Judge Boyle: telephone conference with Mr. Perkins, attorney for Mr. Sauod review report to MFM; meeting with Mr. Bisk; work on Sur-Reply.	5.00	1,500.00

9/13/2004	RMB	Telephone conference with Richard Cantin. Telephone conference with Richard Menkin. Office conference with Vance Christopher. Redraft Reply to Responses on Motion for Injunction. Research due process provisions of Free Trade Agreement.	4.00	1,200.00
10/26/2004	RMB	Telephone conference with Tom Perkins on Abdu Saoud.	0.25	75.00
11/3/2004	RMB	Correspondence and email to Tim Perkins. Telephone conference with _____ _____. Begin draft of update letter. _____ _____.	4.25	1,275.00
11/4/2004	GWL	Conference with R. Bisk regarding experts on due process of law, comparative law.	0.25	75.00
11/5/2004	GWL	Conference with Mr. R. Bisk.	0.25	75.00
11/15/2004	TR	Review newswires. Conference with Reuven Bisk regarding litigation.	0.25	55.00

11/16/2004	RMB	Telephone conference with Richard Menkin on expert. Email suggested response to Tim Perkins to Shezi. Receipt and review of appeals notice. Office conference with Carol Ditta.	1.25	375.00
11/18/2004	TR	Review newswires. Conference with Chris Prime regarding representation of parties in U.S. litigation initiated by Skidmore Energy.	0.25	55.00
11/30/2004	RMB	Telephone conference with Richard Menkin.	0.50	150.00
12/3/2004	GWL	Telephone conference with Mr. Knox.	0.25	78.75
12/7/2004	TR	Review court order dismissing defendants and denying ant isuit injunction. Conferences with Reuven Bisk. Review newswires.	1.25	275.00
12/8/2004	RMB	Review dismissal orders for MPE, MFM, Samaha, Dallah, Mediholding and Prince Bander. Office conference with George Lederer as to same. Telephone conference with Richard Menkin. Coordinate new service packages with Todd. Review Plattner letter.	3.00	945.00
12/9/2004	RMB	Telephone conference with Richard Menkin	0.25	78.75

12/10/2004	RMB	Telephone conference with Richard Menkin. Review Knox e-mail and telephone calls.	0.50	157.50
12/15/2004	GWL	Telephone conference with Mr. Knox; email to Mr. Bisk.	0.30	94.50
12/15/2004	TR	Review newswires. Conference with Chris Prine regarding status of Moroccan and U.S. litigation. Telephone conference with Reuven Bisk and Rick Hamilton regarding re-certification of service packages and delivery to Embassy and Moroccan counsel.	1.25	275.00
12/15/2004	RMB	Telephone conference with Rick Hamilton. Office conference with Todd Ramey. Telephone conference with Richard Menkin on various topics.	0.75	236.25
1/3/2005	RMB	Office conference with Chris Brine. Review rulings for dismissal of remaining defendants and assess follow up questions. Telephone conference with Richard Nenkin.	2.50	787.50

1/4/2005	RMB	Office conference with Chris Brine, Henry Kollenberg. Office conference with Vance Christopher on impact of order to dismiss. Telephone conference with Richard Menkin.	1.50	472.50
1/10/2005	GWL	Telephone conference with Mr. Knox regarding substitution of counsel.	0.30	94.50
1/11/2005	CAP	Telephone conference with Knox regarding need for new counsel for Saleh Kamnel.	0.50	145.00
1/27/2005	TR	Review newswires. Review notice of appeal. Conference with Sylvia Lopez regarding file.	0.50	110.00
2/24/2005	GWL	Telephone conferences with Ms. Jamison, Mr. Bisk regarding Motion to Disqualify.	0.50	157.50
2/24/2005	CAP	Receipt and review of note from Skidmore about intent to file motion for disqualification; conference with Reuven Bisk regarding possible claims by Skidmore.	0.50	145.00

2/25/2005	CAP	Receipt and review of motion and brief in support on disqualification of GWL and CCJ; pull appellate briefs from 1996; conference with GWL and RB regarding same.	1.50	435.00
2/25/2005	TR	Review newswires. Conferences with Reuven Bisk and George Lederer. Review CCJ electronic files for correspondence and materials with David Blunk, Michael Gustin, Skidmore Energy, Inc., and Skidmore Energy Nevada. Conferences with Reuven Bisk and Chris Prine.	2.50	550.00
3/3/2005	GWL	Draft Order Denying Motion to Disqualify; file same; telephone conference with Mary Ludwick regarding her substituting as plaintiffs' new attorney' review case regarding documenting attorney's fees.	3.30	1,039.50
		Total	**607.10**	**144,240.00**